

Two biggest unions poised to reject phase three

ment hopes of securing
ant on a future incomes
within a fixed ceiling could
a final blow this week. It
likely that members of
two biggest unions, the
mated Union of Engineer-
kers and the Transport and

General Workers' Union, will vote
for a return to full collective bar-
gaining. Meanwhile, figures pub-
lished yesterday showed that aver-
age earnings in the first nine months
of phase two rose by 7.5 per cent.
In the same period prices rose by
14.6 per cent.

Alliance threat to pay policy

Shakespeare
industrial
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first time, Britain's
t unions, Mr Hugh
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to oppose a phase
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the "ADEW and
g the T&GWU's
sensitive section.
"This meeting
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eration executive
il for an immediate
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od of a new
social contract".
the resolution's
Greenville Hawley,
ly speak for the
hicle and auto-

motive group of which he is
national secretary, I understand
that the whole of the union's
delegation will be voting for the
motion. Among them is Mr
Mose Evans, who is to succeed
Mr Jones as General Secretary
of the T&GWU.
The view of the T&GWU
delegates, including Mr Evans,
is apparently that the union
promising resolution expresses
the current thinking of their
union's national executive.
While it cannot, of course, be
interpreted as a commitment
of union policy, which will be
decided at the T&GWU's own
annual conference in a fort-
night's time, the delegates
claim that they cannot do
other than support the motion
which comes largely from the
union's membership in the car
industry.
The composite motion on
wages results from a series of
resolutions tabled by several of
the Confederation's 19 as-
sistant unions.
It seems unlikely that it will
encounter any serious opposi-
tion, because many of the dis-
tributive committees reports that are
before the conference take a
similar line on the pay issue.
The main qualification that
is likely to emerge—and this
theme is certain to be pursued
by Mr Hawley and other
T&GWU speakers—is that the
return to free collective bar-
gaining must be orderly, even
though there are no constraints
in the form of a formal agree-
ment with the Government.
In other words, it would be
expected that existing agree-
ments up and down the
engineering industry would be
honoured to their terminal
dates.
Under phases one and two
of the Government/TUC wages
strategy, the engineering unions
have found themselves in a
serious quandary over pay bar-
gaining. It has been impossible
to pursue any effective new
industry-wide wages deal with
the Engineering Employers'
Federation (EEF), which repre-
sents some 5,000 firms in the
industry, and settlements have
been concluded at company and
plant level.
This means that the industry
is now faced with individual
wage deals all with different
terminal dates under the so-
called "12 month rule" laying
down that any pay settlement
must run for a full year.
If the Confederation now-
as seems inevitable—decides
the motion for a return to un-
fettered collective bargaining it
will probably have to wait until
these deals at company and
plant level have run their full
course before it can again
think in terms of making a fresh
approach to the EEF for a new
national agreement.
Besides the wages issue, but
directly related to it—the con-
ference will also be debating
resolutions calling for a reduc-
tion in the basic working week
from 40 to 35 hours. Again, a
composite motion involves both
the AUEW and the T&GWU
together with the powerful
Boilermakers' Union.

ages up 7½%, prices rise 14.6%

Atkinson
er cent fall in
ings in April put
the first size
base two at 7½ per
cent rise 14.6 per
cent.
Officials in Whitehall
are now confident that the Govern-
ment's target of a single figure
earnings rise over the 12
months of the present pay
policy will be met. This is
higher than the original esti-
mate of a 7 per cent increase,
largely because of bigger over-
time payments than expected.
However, the overtime boom
between November and March
now seems to be over. April's
earnings drop was mainly
caused by a fall in overtime. It
would be surprising if over-
time remained high, given
the sluggish recovery in the
economy shown by most cur-
rent economic indicators.
"It's been taken by surprise by a
fall in unemployment so far
this year. Less overtime work-
ing in recent months would
help to explain why unemploy-
ment has stopped rising
despite a virtual standstill in
production, and falling retail
sales."
Another reason for the earn-
ings fall in April was that
there had been a bump
upwards in March as a result
of bonus payments at the end
of the tax year.
Real earnings in April suf-
fered a double whammy,
as the chart shows, since price
rises were also high, given
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Mr Rees tiptoes over the picketing minefield

By Hugh Noyes
Parliamentary Correspondent
Westminster
Mr Rees, the Home Sec-
retary, gave a warning to the
Commons yesterday that unless
the situation outside the strike-
bound film-processing plant of
Grunwick Laboratories was
cooled there might be more
arrests and injuries.
In a cautious defence of the
police and the right of peace-
ful picketing, he condemned
those who latched on to indus-
trial action by a trade union
as an excuse for breaching the
law. That kind of action had
no place in responsible trade
unionism, and he said that it
was all very well interpreting
the law in an academic way,
but he had to meet the situation
on the ground.
The Home Secretary denied
that there was any question
of police and those pickets
who were genuinely involved
wanted to cool the situation at
the north London factory, Mr
Rees said.
From the Liberal benches, Mr

in may take lead in neutron research

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neutron source
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into the human
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First experiments
at the end of

1982, scientists will be able to
use pulses of neutrons up to a
thousand times more intense
than those available anywhere
else in the world to investigate
the structure and properties of
many important types of
solids, liquids and living materi-
al.
The Rutherford Laboratory,
which is run by the Science
Research Council, expects im-
mediate advances in physics,
chemistry and biology.
Moreover, the enormously
enhanced flux of hot neutrons
is bound to lead to new and
unexpected experiments.
Approval of the SNS was
announced yesterday by Mr
Walter Ullich, a deputy sec-
retary at the Department of Edu-
cation and Science, who was
opening the Rutherford Labo-
ratory's new central laser
facility in place of Mrs Wil-
liams, the Secretary of State
for Education and Science.
He said on Mrs Williams's



Centenary Wimbledon: The All England
Lawn Tennis and Croquet Club yester-
day reopened the championships that
have made the sedate London suburb
of Wimbledon a household name
around the world for the past 100 years
(Philip Howard writes).
Before the 128 best men players in
the world began a fortnight of strenuous
contest for the gentlemen's singles title,
a red carpet was laid on the holy turf
of the centre court, and 50 of the
heroinettes and heroes who have
triumphed in the singles events since
1877, paraded to receive commemorative
awards from the Duke of Kent, presi-
dent of the club.
They looked trim and happy, adver-
tisements for the benefits of winning
the game that was originally patented
under the name of spiritus and
played on a court shaped like an hour-
glass.
The earliest champions present were
Kitty McKane of Great Britain and Jean
Borotra, "the bounding Basque" of

beret and bounce, who won their respec-
tive singles titles in 1924 and 1926. The
most recent were Chris Evert and Bjorn
Borg, who won last year.
Great names from golden summers of
the fifty years in between warmed them-
selves again in the hero-worship of the
centre court crowd. All the four mus-
keteers of France of the 1930s were on
court again: Cochet, Borotra, Galliat
ever in kissing the Duchess of Kent's
hand, Lacoste and "Toto" Brugnon.
Brugnon came in with Bunny Ryan
as two of the greatest doubles players
of all time to represent doubles cham-
pions, and got the warmest cheer of the
afternoon.
Nobody could have guessed that it
would last so long and grow to this
size at the first championships 100
summers ago. Twenty-two gentlemen
entered for that first Wimbledon, and
the final was postponed so that it should
not coincide with the high point of the
English season, the Eton and Harrow
cricket match at Lord's.

Spencer William Gore, a land agent
from Wimbledon aged 27, who played
cricket and the harrow, won the title in
1877. His tactics were to rush the net,
which sagged in the centre in those
days, volley, and hope that attempted
passing shots would be caught in the
net, which rose to 5ft by the posts.
About two hundred spectators paid a
shilling each to watch the final. Gore
was supercilious about the new game,
and said that it was rather boring.
In the 100 years since then Wimble-
don has had 187 champions from 16
different nations. This year more than
300,000 spectators are expected to
watch the players competing for prize
money, totalling £122,540. The veterans
heroes and heroines who triumphed on
the smooth green turf of the centre
court many summers ago left the arena,
and Wimbledon got down to the busi-
ness that has made its name, hitting
small white balls violently backwards
and forwards across a net on a lawn.
Immediately it lived up to its repu-
tation of providing aspects of triumphs

and disaster. Roars of applause from
No 1 court acclaimed John Lloyd, the
British Davis Cup player, who was
knocking out Roscoe Tanner, the No 4
seed and a formidable competitor.
Among the past champions who were
photographed (above) with the Duke
and Duchess of Kent were:
From left front row: Mrs. Karen
Suzman, Maria Bueno, Doris Hart, Mrs
du Pont, Dorothy Round, Mrs Godfree,
Alice Marble, Louise Brough, Shirley
Fry and Angela Mortimer.
Middle row: Budge Patty, Jack Kramer,
Vyon Patre, Donald Budge, Ellsworth
Vine, Henry Cochet, Jean Borotra, Chris
Evert, Mrs. Cawley, Ann Haydon Jones,
Mrs. King, Fred Perry, Rene Lacoste,
Sidney Wood, Bob Falkenburg.
Back row: Arthur Ashe, Stan Smith,
Manuel Santana, Neale Fraser, Lew
Hoad, Jaroslav Drozny, Viki Seixas,
Frank Sedgman, Dick Savitt, Tony
Trabert, Rod Laver, John Newcombe
and Jan Kodes.
Match reports, page 9

Guardsman 'saved' by judges may leave Army

By Clive Borrell
Crime Correspondent
Guardsman Tom Holdsworth,
aged 19, of the Coldstream
Guards, who last week was
saved from a three-year prison
sentence by the Court of Appeal
"to save his promising career"
in the Army, may soon
return to civilian life.
His brigade commander
studying last night a se-
Queen's Regulations
states that "any soldier who
has been sentenced to imprison-
ment, including a suspended
sentence, shall be discharged,
unless his retention is desirable
in the interests of the Service
or is of an exceptional case".
I understand that there are
no extenuating circumstances
surrounding the case and that
the necessary documents re-
quiring his discharge from the
Army will be processed within
a few days.
The Ministry of Defence
would not comment last night
but emphasised on certain phrases
of that section of Queen's Regu-
lations, left little room for
speculation.
The case of Guardsman
Holdsworth caused a furore on
Friday when the Court of
Appeal changed his three-year
prison sentence imposed by
Judge Beazley at Norwich
Crown Court last March, to a
six-month suspended sentence.
The court said it risked the
"safety of the public" to send
him to prison.
The Court of Appeal judges
were: Mr Justice Wynn, Lord
Justice Roskill and Mr Justice
Slynn, who said that the victim
of Guardsman Holdsworth's
sexual assault, girl aged 17,
would probably be severely
injured had she submitted
to rape.
Dismissal call: A commons
motion calling for the dismissal
of the three judges was tabled
last night by three Labour MPs
the Press Association reports.
They are Mr Marcus Lipton
(Lambeth, Central), Mrs
Audrey Wise (Coventry, South-
west) and Mr William Molloy
(Ealing, North).
Leading article, page 15

Mr Brezhnev forging new French alliance

Mr Brezhnev has arrived in
Paris for a state visit that
marks the revival of Soviet
relations with France. The posi-
tion of President Giscard
d'Estaing on East-West rela-
tions is more appealing to the
Soviet leadership than the
policy of the left in next
March's elections, with the
changes in European status quo
that would entail.
Nobility could have guessed that it
would last so long and grow to this
size at the first championships 100
summers ago. Twenty-two gentlemen
entered for that first Wimbledon, and
the final was postponed so that it should
not coincide with the high point of the
English season, the Eton and Harrow
cricket match at Lord's.

Amin disappearance after murder attempt

From Charles Harrison
Nairobi, June 20
An attempt in Uganda to
assassinate President Amin has
narrowly failed, according to
reports reaching here.
Ugandan official sources
would say nothing about the
matter and Uganda radio made
no mention of President Amin
in its bulletin, but The Daily
Nation newspaper here reported
that shots were fired at the
President's car in Entebbe at
the weekend, and said troops
were trying to find these re-
sponsible.
Diplomats based in Uganda
would only say that it had been
"an eventful weekend". There
were reports here of roadblocks
in operation around Kampala.
Soldiers were understood to be
searching homes and beating
civilians near the scene of the
attack on the outskirts of
Entebbe and were later re-
ported to be killing people from
the Baganda tribe.
According to The Daily
Nation, President Amin dis-
appeared after the attack and
his whereabouts were not
known. The newspaper said that
it had telephoned General Mu-
stafa Adrisi, the Ugandan Vice-
President, who "confirmed that
the President was missing".
[Other sources said that both
the President and the Vice-
President were taken to Mulago
hospital in Kampala before one
of them was flown to Libya and
the other taken to an unknown
destination.]

It is not unusual for Presi-
dent Amin not to be mentioned
by the radio for a few days, and
he was recently said to have
been taking a belated week's
honeymoon with his wife, Surah,
when he married a year ago.
President Amin has survived
at least a dozen assassination
attempts since taking power
early in 1971.
A year ago, he survived an
attack when three hand
grenades were thrown at his
Land-Rover in Kampala. His
car is thought to have been
fired at on several occasions,
although he has sometimes not
been in it at the time.
After the hand grenade in-
cident, Ugandan civilians were
told that they would face
severe retribution if further
attacks took place.
In February a plot to over-
throw President Amin was un-
covered and large quantities of
Chinese-made arms were dis-
covered by security forces.
Hundreds of people, and pos-
sibly thousands, have been
arrested since then but accord-
ing to refugees here, there are
many desperate Ugandans who
are prepared to continue their
efforts to depose the President.
Nairobi, June 20.—Unusually
heavy concentrations of troops
were seen in Kampala today
and Uganda radio dropped an
early report that President
Amin was going to a refugee
ceremony in the western part
of the country later today.—
Reuters.

Britain rejects budget plan

Mr Healey told EEC finance
ministers in Luxembourg that
the Franco-German proposals
for calculating contributions to
the Brussels budget from next
January were unacceptable be-
cause they would cost Britain
an extra £470m over the next
two years. He said the Govern-
ment would not agree to any
formula changing the EEC
units of account which was not
"financially neutral". Page 6

Banker named as prices chief

Mr Charles Williams, a man-
aging director of Baring Brothers,
the merchant bank, will be the
new chairman of the Price
Commission. He takes over
from Sir Arthur Cockfield on
August 1. Pages 4 and 17

Woolmer century saves England

An undefeated century by
Woolmer helped England to
recover from a bad start to
their second innings and they
lead Australia by 109 runs at
the beginning of the last day of
the Jubilee Test match at
Lord's. Woolmer and Brearley
added 132 runs for the second
wicket. Page 10

Test ban talks

Britain, the United States and
the Soviet Union are to hold
the first round of talks on a
comprehensive test ban treaty
in Geneva on July 13. Mr Percy
Cradock, Britain's ambassador
to East Germany, will lead the
British delegation.

Help for young folk in trouble

A national scheme to help those
who want to do work or at
young people in trouble or at
risk was announced by the Sec-
retary of State for Social Ser-
vices. It was hoped to set up a
trust that would invite ideas
from groups of people or indi-
viduals. Page 3

Bewbush land deal evidence

Lord Ryder of Eaton Hastings,
chairman of the National Enter-
prise Board, regarded the vastly
profitable Bewbush land deal
in Sussex in 1972 as "probably
unique in any lifetime experi-
ence", a jury was told at
Chelmsford Crown Court, Essex.
Page 3

Catch a Caribbean Jumbo.

Fly the flag.
747s to Kingston at 10.45 every
Wednesday (via Nassau) and Saturday
(via Bermuda). Plus Barbados and
Trinidad at 11.15 every Tuesday and
Saturday, all from Heathrow.
With lots of 707s and VC10s in
between. Full details from your
Travel Agent or British Airways
shop.

**British
airways**
We'll take more care of you.

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PARLIAMENT, June 20, 1977

Police and pickets in Grunwick dispute: cooler situation wanted

House of Commons

During exchanges on occurrences outside the Grunwick Processing Laboratories premises in Willesden, Mr. Merlyn Rees, Home Secretary, said the police wanted nothing more than to carry out the law on picketing. They would like to see a cooler situation.

The Home Secretary denied collusion between the police and employers. He said he would solve the conflict by solving the problem and the sooner both sides got round the negotiating table, the better.

Mr. William Whitelaw (Pembury and the Borders, C) asked the Home Secretary for a statement on the preservation of law and order outside the Grunwick Processing Laboratories in view of the great increase in picketing.

Mr. Merlyn Rees—I understand and share the concern felt by MPs in all parts of the House about the events outside the Grunwick Processing Laboratories. The Commissioner of Police of the Metropolis informs me that his officers are attempting to maintain in conditions of considerable difficulty, both the rights of peaceful picketing and the freedom of those not prepared to be persuaded by the pickets not to enter and leave the premises.

A number of people have been charged with offences arising out of incidents of violence. The police action in these cases will be before the court. It would be wrong for me to make any comment about particular incidents.

Complaints which may have been made about the conduct of police officers during incidents last week are already being investigated in accordance with the new complaints procedure, which includes a review by the Independent Police Complaints Board.

It is a matter for concern that certain of those present may have been charged with offences under the law, and particularly for violence against police. This kind of activity, I know, has no place in responsible trade unionism, and I was glad to note the appeal by Mr. Grantham to the Secretary of APEX for a reduction in the number of pickets.

Mr. Whitelaw said: We will greatly accept and support his statement and that of the Commissioner of Police that it is the duty of the police to uphold the law and make sure that peaceful picketing does not degenerate into plain intimidation.

Would he reaffirm his opposition to violence of any sort and express his full support for the courageous way in which the police are carrying out their duty to uphold the law and make sure that peaceful picketing does not degenerate into plain intimidation?

On opposition to violence, of course, on support to the police, I support the police whenever they are carrying out their duties and I believe it wrong for a Home Secretary to pick out the one where he has decided to reinforce that. I support the police when they are carrying out their duties on all occasions. I would prefer that was taken as read.

Mr. David Steel, leader of the Liberal Party (Rushmore, Berkshire, C)—This dispute will only be solved if the parties to it get round a table. (Labour cheers.) We would welcome the initiative taken by the Secretary of State for Employment (Mr. Albert Booth) in an attempt to do that, and regret it has not yet met with success.

There is a distinction between picketing by people who work inside a place and all associated members, and the mob picketing. Will he seek to uphold that narrow distinction between one type of picketing and another?

Mr. Rees—The Government welcome his support. It is the Secretary of State achieving a solution. It matters that all those involved should sit around a table. That is the best way.

On picketing and peaceful picketing, the trade union movement clearly understands this problem. It is clear from the evidence that had that if there are 1,500 people picketing outside a small entrance then there are bound to be problems. I hope the pickets will listen to Mr. Grantham—that the best way is peaceful picketing—and then get a solution which the Secretary of State is trying to achieve.

Mr. Laurence Parry (Brent, South, Lab)—As a frequent eye witness of the last few days, I welcome his statement. There is considerable

sympathy that peaceful pickets and peaceful police are in a rather difficult situation. There may be problems on both sides and we shall look with interest at the reports being received.

It comes ill in the mouths of MPs when what is happening is that the Employment Protection Act is being used by lawyers to try to break the Act, and it makes the rule of law argument look a little bit hypocritical when it is called on. The way to solve the conflict is to solve the problem. The sooner they get around the table the better.

Mr. Rees—He is right—the answer is to solve the problem. There is no doubt that the police and the pickets who are genuinely involved in the dispute are in a difficult situation and it needs to be cooled, and there are going to be further arrests and further injuries to both concerned because the nature of the situation at the moment is leading to that.

Mr. John Gort (Barnet, Hendon, North, C)—An official of the pickets is reported in the press today as having said he hopes that 500 pickets will arrive one morning and that this will be an opportunity to request the Home Secretary to use his power to order the Commissioner of Police to close the factory.

Would he confirm whether he has such power, and if he has, would he be undertaking that he will do so on such things?

Mr. Rees—I have had no such proposal. I am not in business for saying what I will do about the situation in the future. The report in the Daily Express this morning was not true.

He said later: It is clear the Commissioner and the men who work for him want nothing more than to carry out the law and the review by the Independent Police Complaints Board.

Mr. Norman Tebbit (Waltham Forest, C)—How many pickets? (A Labour MP: How many pickets?) It is possible now for anybody to believe in the power of the Government with the possible exception of the Home Secretary will be unhelpful in matters affecting the dispute since various members of the Government, including Cabinet ministers, have participated in the picketing and have used their own money to pickets to obey the law for a change? (Conservative cheers.)

Mr. Rees—Twenty-eight policemen have been injured since June 13 and five have been injured in the last 24 hours. (Conservative cheers.)

Mr. Alexander Lyon (York, Lab)—What is the law on picketing? It says that a given number of pickets are a prerequisite of peaceful picketing. How can it be said that the police are carrying out the law in the case of the one who has to say how many constitute a peaceful picket?

In relation to the threat to law and order, the police have a duty to people working there for 25 for a full week's work? The threat to law and order is Mr. Ward's refusal to negotiate with a conservatory and responsible union to get the matter settled.

Mr. Rees—The number of pickets is a question of law and the interpretation of the law is a matter for the courts. It is a complicated matter but the police have duties in this respect. That is why I say that they are carrying out the law. They are not met with success.

Mr. Norman Atkinson (Haringey, Tottenham, Lab)—It is clearly the duty of the police to uphold the law and to seek to uphold that narrow distinction between one type of picketing and another?

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He said later: It is clear the Commissioner and the men who work for him want nothing more than to carry out the law and the review by the Independent Police Complaints Board.

Mr. Rees—Mr. Atkinson is interpreting the law in an academic way. Mr. Atkinson—That is the law.

Mr. Rees—I have to deal with the situation on the ground, and give guidance. It is an extremely difficult situation with a large number of people involved. It is not contained properly. That is why I said it would be much better if a small number of people were there.

"Collusion" is the wrong word. It is clear that the law must be carried out and there is a right to try to persuade those who have a different view.

Mr. James Frier (Opposition spokesman on employment) (Lowestoft, C)—Is Mr. Rees arguing that a force of pickets six times the strength of the number of people seeking to enter the factory is a constitutional intimidation of those trying to go about their lawful business?

If he is giving guidance, ought he not to give guidance to the pickets and the unions involved that pickets of that number are intolerable and an offence against the law? Should he not say that plainly now?

Mr. Rees—The answer is "No". On numbers, I spoke to the police authorities this morning. They said of course, that numbers are not the issue. The expression "bitterly and openly divided" is not appropriate to the situation.

We will continue to have discussions with the Government, in encouraging all positive achievements to the advantage of this industry and the members of the EEC.

Mr. Eric Heffer (Liverpool, Walton, Lab)—Would he undertake, in discussions with the European Council and the Secretary of State, to ask what positive plans are being brought forward to deal with unemployment? Unemployment in the Common Market is at a high level.

This is a basic fault of the capitalist system which operates in the Common Market and that plans have to be made to deal with it.

Mr. Lever—The unemployment problem is a world one. The question we have to ask ourselves—all of us in the Common Market—is how can we better off in a state of anarchy, unilateral trading or in a cooperative attempt to solve these problems? Mr. Heffer's concern that we should tackle the problems cooperatively as one of the responsibilities of the European Community.

Mr. Martin Flanagan (Sheffield, Hillsborough, Lab)—When he meets the economic ministers of the EEC will he tell them that the massive grounds of disaffection with the EEC now spreading throughout Britain? (Labour cheers.)

Will he ask them to adjust their policies accordingly or to give us some means of getting out?

Mr. Lever—He refers to a massive grounds of disaffection. It comes mostly from those who were never disillusioned in the first place. (Laughter.)

Mr. Flanagan (Sheffield, Hillsborough, Lab)—In that case, may I send to the Chancellor of the Duchy the last few opinion polls which show that the EEC is not popular? One of the important aims of the Economic Community must be economic convergence. But there has been nothing but economic divergence.

Mr. Lever—It is right we should all fight. If we can, to increase the amount of economic and financial resources in the world, that is the aim. The divergence does not come from the creation of the Community or our arrival in it.

Mr. Flanagan (Sheffield, Hillsborough, Lab)—There are those of us who will never be content while we are inside the Common Market. (Labour cheers.)

Will he tell the economic ministers that we are now proposing private industry by 1980 a day whereas it was 1985 when we applied to the Common Market; the date has been doubled over a considerably long period, inflation is rising, interest rates are high, and we have a trade deficit of £2,000m a year with the Community. We did not have when we went into it. (Cheers and interruptions.)

Mr. Lever—I readily accept that Mr. Skinner will not be content as long as the Community is not a free market. What is more open to discussion is whether he would be content if we came out. (Laughter.)

In the long list of cumulative votes which he has enumerated, he has omitted the recent increase in the rate of inflation. It was 10.5 per cent in mid-June. (Laughter.)

He has also omitted the striking improvements in the balance of payments. It has been recently occurring and the even greater ones now in prospect. None of these things are attributed exclusively to the Market.

I can only say to those who are complaining that the balance of payments is not as good as it was before the Market that the Market has not been statistically justified for me the question is, did we have a better off out of the Market in the short-term or longer-term or better off in it?

Mr. Flanagan (Sheffield, Hillsborough, Lab)—It seems somewhat farcical and absurd that because Mr. Skinner has committed an alleged illegal action we should have to put out a number of disabled people on the grounds of colour.

Mr. Flanagan (Sheffield, Hillsborough, Lab)—He is less than fair. He is not making anything out of these admirable, intrepid people. There is the utmost sympathy for them. Individuals should be treated on their merits and not on the basis of their colour. It is not fair to put out a number of disabled people on the grounds of colour.

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Mr Harold Lever gives EEC advice

Britain had been much better off in the short term through being in the Common Market and her prospects of being better off in the future were immeasurably enhanced because of the new growing European unity cautiously advanced.

This reply to critics of EEC membership was given by Mr. Harold Lever, Minister of the Duchy of Lancaster (Manchester, Central, Lab), during questions about his consultations as the Government's chief economist.

Mr. Timothy Rennie (Mid Sussex, C) asked for his views on the reported intention of the EEC to raise large sums of money on the account in international markets.

If the Government (he said) remained bitterly and openly divided on the question of continuing with EEC membership, what effect will this have on our sharing in this money raised by the EEC?

Mr. Lever—I welcome all constructive achievements of the EEC, including the financial one referred to. The Government are certainly not divided on the question of remaining in the EEC. The expression "bitterly and openly divided" is not appropriate to the situation.

We will continue to have discussions with the Government, in encouraging all positive achievements to the advantage of this industry and the members of the EEC.

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Minister predicts sharp fall in rate of inflation

Single figure inflation as a real prospect for the second quarter of 1977. Mr. Harold Lever, Secretary of State for Prices and Consumer Protection, assured MPs during questions on inflation and the rate of inflation.

He said the year-on-year increase in the RPI was 17.5 per cent in April and 17.1 per cent in May.

This improvement, he said, was due to the fact that the increase registered the previous month and the smallest monthly addition to the RPI for almost a year. Over the six months to May the RPI, excluding seasonal foods, has increased by 9.5 per cent.

Mr. David Price (Eastleigh, C)—Will he be stating here, as he has done in the past, that the year-on-year increase in the RPI will be 17.1 per cent in June and 17.1 per cent in July?

That is a punishing rate of inflation. Until we can get the rate of inflation down to something like 3 per cent a year it will not be tolerable.

Mr. Batesley (Birmingham, Sparkbrook, Lab)—I agree that what has happened over inflation in the recent past is a record which needs substantial improvement. It is easier to describe what has happened in the past than to predict or make sure something better happens in the future.

I believe something better will happen. It has happened because of the partnership between the unions and the Government, and that is something we shall try to ensure comes about.

Mr. Dennis Canavan (West Salford, Lab)—In view of the justifiable calls for stricter price controls by the National Consumer Council, will the Government be considering the implementation of the

Common Market farming community. Mr. Batesley, who is claiming that British ministers are breaking the law by speaking out against the common agricultural policy.

This is the same policy which has been responsible for many of the food price increases which can only be described as criminal.

Mr. Batesley—I think the correspondence between the Commissioner of Agriculture (Mr. John Silkin) must be something about which the minister is concerned.

About the concept of selective price freezes, I have no doubt that in future there needs to be some kind of government power which enables some prices to be frozen.

Mr. Robert McCrindle (Brentwood and Ongar, C)—As the National Consumer Council is recommending an upper limit of 9 per cent on prices next year, would Mr. Batesley indicate what action he will take if that limit is exceeded?

Mr. Batesley—I do not agree for the National Consumer Council. I do have a good deal of sympathy with the objectives the NCC described in the paper they produced last week. It is a very good idea that a general and arbitrary price freeze could do some substantial damage. A selective price freeze could bring some advantage. That is why we are bringing in a Bill to bring this

Mr. Norman Atkinson (Haringey, Tottenham, Lab)—The rate of inflation he envisages will not happen of its own volition. There

will have to be interventionist policies by the Government. Does he stand by his statement last week that the pound sterling should be allowed to rise to its natural level and that it is necessary to have a pricing strategy for the public sector, in particular the energy industry?

Mr. Batesley—Of course I stand by the speech I made last week. Some parts of the speech were trying to draw the attention of the wider public to the fact that decisions in the inflation are sometimes difficult to take because some of the alternatives are in conflict with economic objectives.

Mr. Giles Shaw (Pudsey, C)—Would he go a bit further than saying he merely hopes inflation will go down?

Mr. Batesley—During the late summer and early autumn there will be a year-on-year rate of inflation of 10 per cent. We will be down to appreciably smaller figures by the end of the year and single figure inflation is a realistic prospect for the second quarter of 1978.

Mr. Ivan Lawrence (Burton, C)—What is the increase in the Retail Price Index, excluding seasonal food, over the last three months, expressed as an annual rate?

Mr. Batesley—Over the last three months, expressed as an annual rate, the current rate of inflation is 17.1 per cent. For what it is worth, the increase not including seasonally variable items over the last three months, expressed as an annual rate, is 9.5 per cent. But I do not regard the three-month and annual rates as a statistically valid indicator of trends.

Mr. Lawrence—Will he make it clear to left wing Labour MPs that the appalling increase in the RPI in the last three months is not as a

consequence of Britain being member of the EEC?

Mr. Batesley—I tried to make clear not only to them but to the wider public that the fact is that the CAP, about which there is much legitimate criticism, is responsible for about only half the increase.

Mr. John Rathbone (Leeds, C) Annualized or not these figures in a horrible contrast to the previously expressed Government's confidence in Britain as very much dependent upon certain aspects of the Government's war on inflation. How can he square this with the fact that the Government is now investigating intervention, a price control?

Mr. Batesley—The figures I have announced are not in any way contradictory with the Government's confidence in Britain as very much dependent upon certain aspects of the Government's war on inflation. How can he square this with the fact that the Government is now investigating intervention, a price control?

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State sector should set an example on prices

He had had no recent representation about introducing a general price freeze for public services, Mr. Roy Batesley, Secretary of State for Prices and Consumer Protection, said.

Mr. Batesley (Birmingham, Sparkbrook, Lab)—Without wishing to return to the policies of the Conservative Party of trying to freeze prices, I am sure that the nationalized industries would agree that their prices are of great importance, particularly to the low income households living on benefits or pensions?

At the moment there is a danger that some of the industries will be making substantial profits for no good reason. The restraining prices would be a valuable example to set to the rest of the business community.

Mr. Batesley—The nationalized industries have to set an example. Because of that I was anxious that the new Price Commission Bill should be introduced. It comes mostly from those who were never disillusioned in the first place. (Laughter.)

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HOME NEWS

Assembly suggested for England well

Our Own Correspondent writes that devolution with an assembly for England as well as for Scotland and Wales was advocated yesterday by Malcolm Rifkind, Conservative MP for Edinburgh, who resigned from the Government's shadow cabinet to support the reading of the Scotland Bill.

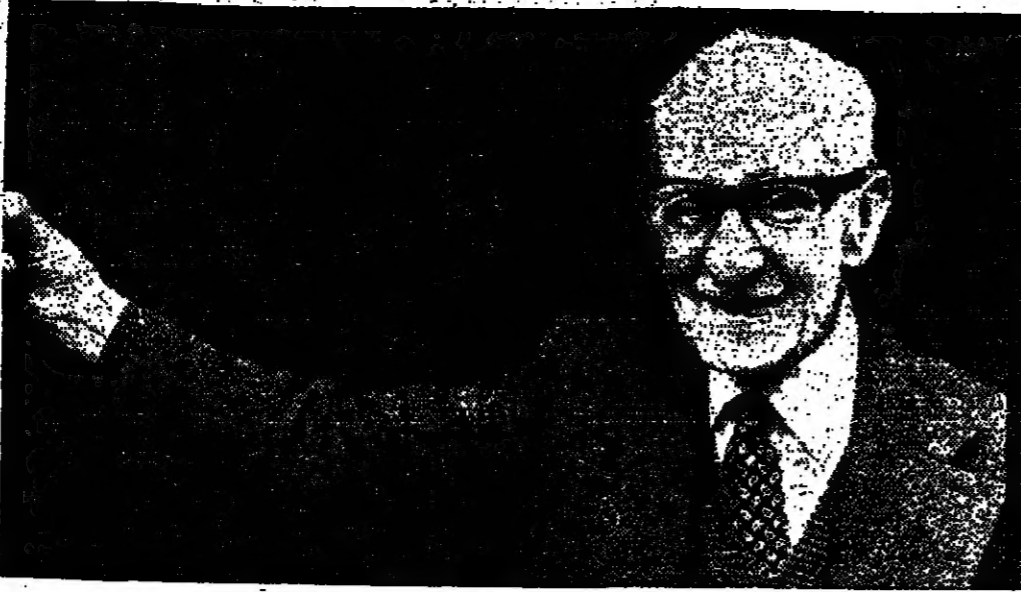
Mr Rifkind, who is a member of the House of Lords, said that he had put forward a proposal to the Government's shadow cabinet to set up a committee to study the possibility of an English Parliament. He said that the Government's shadow cabinet had agreed to set up such a committee.

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Welsh nationalist passions founder as the ebbing tide of devolution

Cardiff where the Welsh nationalist movement has been at its most active, the Government has announced a 10-year lease on the Welsh language. The Government has announced a 10-year lease on the Welsh language. The Government has announced a 10-year lease on the Welsh language.

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Mr Harry Loman, aged 96, who is retiring on Saturday after 22 years as stage-door keeper at the Criterion Theatre, London.

Judge warns rape boy on pornographic magazines

Mr Justice Jupp, at Leeds Crown Court yesterday ordered a boy aged 15 who admitted raping a girl of 12, to be detained for three years. He told him: "If you take my advice, you will never look at a pornographic book again in your life. It leads to crime."

The boy's counsel had said that the boy, from a local authority home in Bradford, had committed acts against the girl after looking at a pornographic magazine. Mr Geoffrey Rivlin, for the prosecution, said the girl was taking a short cut to her school in Bradford.

Cigarette fine cut from £300 to £10

A £300 fine for handling a cigarette valued at 3p taken from a man attacked by two youths, was excessive, the Court of Appeal decided yesterday. They cut it to £10. The fine was imposed on Peter William Webb, aged 38, of Spackmans Way, Chelvey, near Slough, Buckinghamshire, at Reading Crown Court on November 10.

Mr Webb was charged with handling a cigarette valued at 3p taken from a man attacked by two youths, was excessive, the Court of Appeal decided yesterday. They cut it to £10.

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Denials on opposition to 'free' Scotland in EEC

By Our Political Correspondent The Scottish National Party has released the text of letters from leading European politicians to contradict a recent statement by Mr Tam Dalyell, Labour MP for West Lothian, that the politicians were totally opposed to an independent Scotland within the EEC.

Detective is cleared of corruption

Detective Inspector John Legge, aged 37, one of the three men accused in the corruption trial at the Central Criminal Court, was freed yesterday after Mr Justice Paine directed the jury to return verdicts of not guilty in his case. Mr Brian Appellby, QC, for Mr Legge, had submitted that he had no case to answer on two charges of corruptly receiving accommodation and entertainment from Mr James Humphreys, a former pornographer.

As Mr Legge, of Minister Drive, Croydon, left the court, he told reporters: "I have been suspended from duty since December 31, 1973, the longest ever in the Metropolitan Police. I have always protested my innocence."

The trial continues of Kenneth Drury, aged 56, a retired Scotland Yard commander, of Bexley Lane, Sidcup, Kent, and Alastair Ingram, aged 43, of Elmham, Surrey, was released after the court was told that Mrs Brotherton, suffering from terminal cancer, would be unhappy if he is not released.

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Man freed to be with dying wife

John Brotherton, aged 51, was freed by the Court of Appeal yesterday from an 18-month jail sentence to spend the last days with his dying wife. Mr Brotherton, of Buch Lane, Elmham, Surrey, was released after the court was told that Mrs Brotherton, suffering from terminal cancer, would be unhappy if he is not released.

Fewer Scots drink cases despite pub change

Drink and driving offences in Scotland have fallen by a fifth since public houses were allowed to stay open for an extra hour, Mr Ewing, Under-Secretary of State for Scotland, said yesterday. The number of breaches of the peace had fallen by 5 per cent and convictions for being drunk and incapable by a tenth.

He added: "It may be claimed that the extra hour has not resulted in an orgy of crime caused by drinking. All the predictions about people in Scotland going mad over drink have proved to be totally unfounded. It gives me the greatest pleasure to note that Scots have approached the new drinking laws with responsibility."

Under the Licensing (Scotland) Act, Scotland's 4,000 public houses previously restricted to 10 pm closing, are able to remain open until 11 pm. From October their owners will also be able to apply for Sunday opening.

Mr Ewing said a survey showed that now, instead of going to the public house at about 6.30 pm, people were tending to go at about 8 pm. That meant many had eaten a substantial meal before going to the public house instead of only a sandwich.

Mr Ewing added, however: "People are still drinking the same amount, but over a longer period."

Limit moorland ploughing, ramblers say

By a Staff Reporter The Ramblers' Association wants planning control to be extended to cover the ploughing of moorland in national parks such as Exmoor.

The association, a voluntary organization that seeks to preserve the countryside and defend rights of public access, makes the proposal in a submission to Lord Porchester, who starts an independent study of Exmoor tomorrow. It also urges the ending of

the Ministry of Agriculture grants for the improvement of open country in Exmoor. "The public funds thus released could be redirected through the National Park Supplementary Grant to enable (as a first step) the National Park Authority and the Countryside Commission to enter into management agreements with landowners and farmers."

NHS funding method a 'negation of planning'

By Robert Parker The present method of allocating money to the National Health Service amounts to a negation of planning, according to a consultant who has carried out a private investigation of the funding of the district in which he works. Mr W. D. Hayley, consultant in rheumatology and rehabilitation at Southend Hospital, Essex, has produced his results at a time when the Government is trying to spread resources more evenly in the health service and remove some of the huge provision differences that exist.

Figures he has assembled for the Southend district of the Essex Area Health Authority, part of the North-east Thames regional authority, suggest that the poorly provided parts of the service will remain poor because of the present allocation system.

Mr Hayley states: "Common sense would seem to dictate that funds should largely be allocated in proportion to the population served. At present, however, funds appear to be allocated to districts on a 'services provided' basis."

"This means that a district that provides poor services because it is underfunded will continue to be underfunded because it provides poor services."

"In effect, funding in this way appears to result in districts receiving the same allocation as in the previous year, with minor modifications and with a percentage increase to allow

NHS funding method a 'negation of planning'

for inflation. This is the negation of planning." The Southend district is one of nine in the Essex area, Essex is one of seven areas in the North-east Thames region. North-east Thames, like the other Thames regions, is one of the better off in the country in terms of expenditure a head.

Development in the four London regions is now held at a standstill, while less well off regions such as the North-west are being allowed to grow in real terms by nearly 3 per cent. The Department of Health and Social Security allocates money each year to the regions. Each region then allocates to its areas, and each area to its districts.

The North-east Thames region is a good example, however, of the differences in provision that occur within regions. Essex is one of the worst provided areas in the region, and Southend according to Mr Hayley's figures, the worst provided district. Yet Essex and Southend will suffer as the region to which they belong has its growth held back to allow other regions to catch up.

In the case of the Southend district, Mr Hayley says it is probably underfunded by about £1m a year. The Essex area also argues that it is underfunded. Both Southend and Essex are likely, however, to be faced with loss of beds and services in the next year or two, although they have been hoping for more money as a result of the Government's reallocation exercise.

Four men were charged yesterday and are to appear at Marylebone Magistrates' Court, London, today in connection with the theft of a peregrine falcon from south-west Scotland.

Charge over falcon

Mr Bennie Gray, a freelance journalist, accepted substantial damages and an apology in the High Court yesterday in settlement of a libel action against the magazine, Private Eye.

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Student rebates

We regret that processing of recent applications for student rebates has been held up by a clerical dispute which is now resolved. Sincere efforts are being made to deal as rapidly as possible with the backlog of correspondence. We apologize to students concerned for this delay.

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In brief

Boat destroyed by protesters

An animal protection group who destroyed a fishing boat in the Wash early yesterday in a double arson attack were being sought by the police.

The group, who said they were the Lunatic Fringe, said they would go to any lengths to stop seal culling.

Historic relic damaged

The superstructure of the Carfax conduit, which brought water to the centre of Oxford in the seventeenth century and is now at Newnham Courtenay, has been extensively damaged, it is believed by lightning. Restoration completed last year cost £32,000.

Temporary bridge

A temporary road bridge is to be erected on the A43 at Bulwick, Northamptonshire. Police closed the existing bridge when large cracks appeared after heavy flooding during last week's storms.

Angling record

A 10lb 2oz rainbow trout, claimed to be the largest ever caught by a woman in England, has been landed by a London angler, Maggie Vaux, at Avington, near Winchester.

Damages for journalist

Mr Bennie Gray, a freelance journalist, accepted substantial damages and an apology in the High Court yesterday in settlement of a libel action against the magazine, Private Eye.

Charge over falcon

Four men were charged yesterday and are to appear at Marylebone Magistrates' Court, London, today in connection with the theft of a peregrine falcon from south-west Scotland.

Mr Bennie Gray, a freelance journalist, accepted substantial damages and an apology in the High Court yesterday in settlement of a libel action against the magazine, Private Eye.

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Student rebates

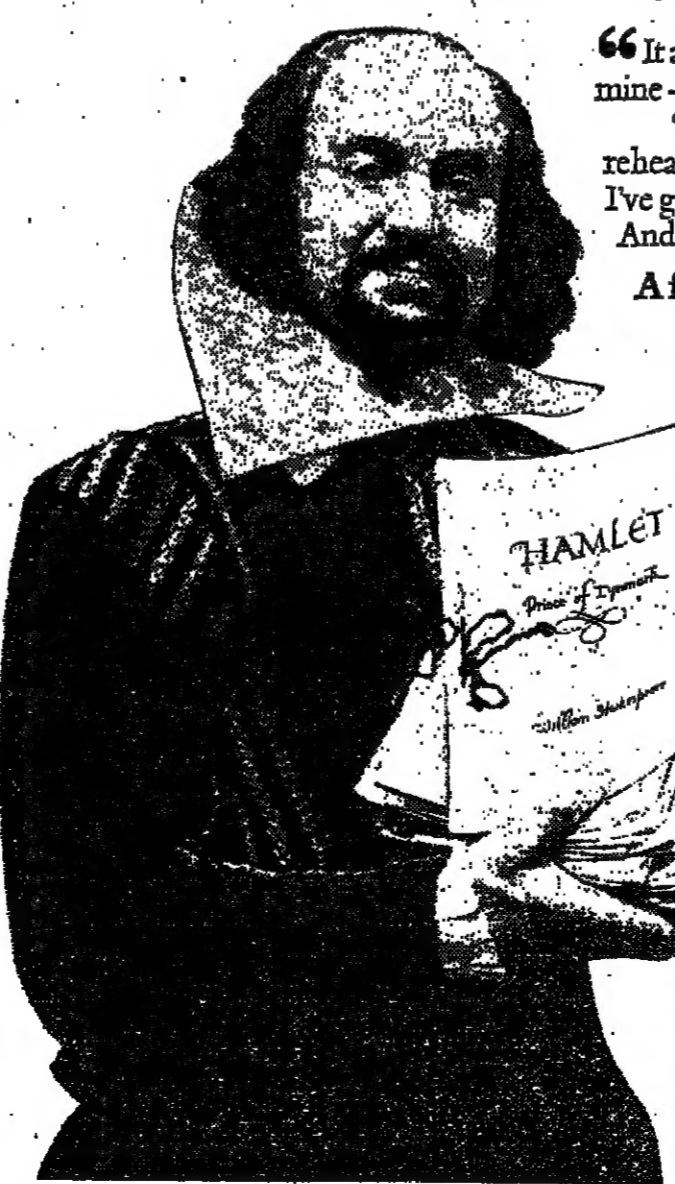
We regret that processing of recent applications for student rebates has been held up by a clerical dispute which is now resolved. Sincere efforts are being made to deal as rapidly as possible with the backlog of correspondence. We apologize to students concerned for this delay.

Mr Bennie Gray, a freelance journalist, accepted substantial damages and an apology in the High Court yesterday in settlement of a libel action against the magazine, Private Eye.

Mr Bennie Gray, a freelance journalist, accepted substantial damages and an apology in the High Court yesterday in settlement of a libel action against the magazine, Private Eye.

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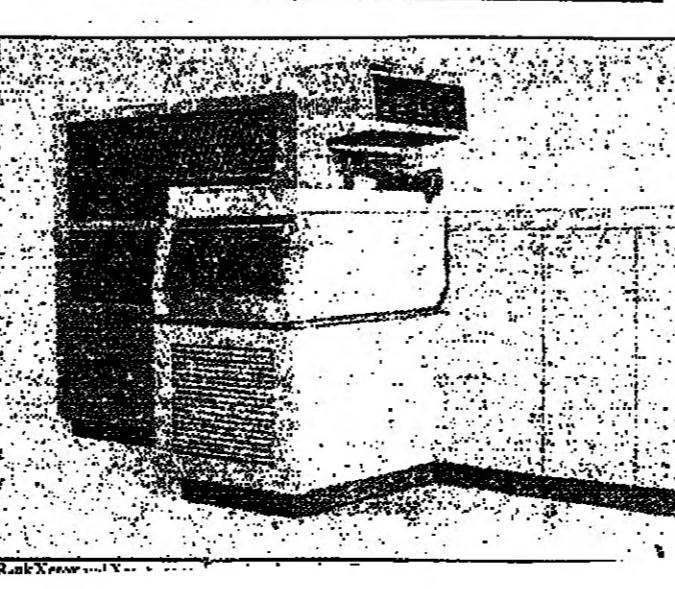
"Of course," I said to the scribe, "these must cost a few groats." But to my amazement he told me that the cost is but half a penny a page."

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WEST EUROPE

EEC official's apology for strictures on Britain's food policy

From Michael Hornsby, Luxembourg, June 20

Mr Finn Olav Gundelach, the EC Commissioner for agriculture, apologized here today to John Silkin, his opposite number in the British Cabinet, for having suggested that the British Community spirit was a policy of national self-sufficiency in food and contravened EEC legislation.

Commenting ironically on Mr Gundelach's apology Mr Silkin said: "I am relieved to hear that my speeches do not have to be viewed by the European Commission." He considered that the matter was now closed and it had not been trivial, and raised an important point of principle.

The contretemps was caused by a letter from Mr Gundelach last week which suggested that British policy ran counter to the EEC directive, dating from 1968, forbidding measures that encourage, require, or give preference to the purchase of domestic products only.

Basques deny reported death of hostage

From Harry Debelius, Madrid, June 20

The police scoured the forested mountains near the Basque city of Vitoria today searching for a kidnapped industrialist believed to have been murdered by his kidnappers.

A Bilbao radio station had received a letter, purportedly from a rogue squad of the Basque separatist organization E.T.C., saying that the kidnapped man, Señor Javier de Ybarra, had been killed on Saturday afternoon, after the deadline set for payment of the ransom had run out.

The letter, which did not bear the seal of E.T.C., was left in the doorway of a block of flats in Bilbao. An anonymous telephone caller told reporters at the Roman Catholic radio station, Radio Popular, where to find it.

Doubt was cast on the authenticity of the death report late today, when a Basque newspaper office and the Ybarra family received anonymous telephone calls in which they were told by a male voice that the message delivered to Radio Popular was false.

Señor de Ybarra, father of 11 and president of the Spanish subsidiary of Babcock & Wilcox, was abducted from his home on the outskirts of Bilbao a month ago. His kidnappers reportedly asked for £100m ransom (more than £8m at first).

Basque sources said that, after secret negotiations, his family had deposited £250m ransom with a Swiss bank as ransom.

Uncertain whether the latest communication was a hoax, a lure to a trap or the truth, police forces moved into the area where the note said that the body would be found.

The letter said that Señor Ybarra's body would be found wrapped in a sheet of grey plastic and covered with branches next to a forest trail near the Basque town of Vitoria and Bilbao.

communication of administrative matters. He regretted the times in which it had been couched, and particularly the suggestion that British policy was in any way "Megal".

Nonetheless, Mr Gundelach took issue with Mr Silkin over the issue of self-sufficiency. The Commissioner said that this was not a policy which showed "a healthy Community spirit" and while he was sorry about the letter there were "limits to my regrets".

Earlier, Mr Silkin had told journalists that he considered the objective of self-sufficiency to be a perfectly proper one for Britain to pursue and wholly compatible with the EEC's common agricultural policy. He also pointed out that it had been a British objective since the publication in early 1975 of the Government's White Paper *Food From Our Own Resources*.

In his reply to Mr Gundelach he had "explained to him what the position is in our country" and he hoped that that would be the end of the matter.

The main item on the agenda of today's meeting of ministers of agriculture was a discussion on a proposal which would give the European Commission the power to make selective reductions in the border taxes and subsidies applied in EEC farm trade in beef, pigmeat and cereals, subject only to the approval by majority vote of the relevant management committee.

The proposal is not expected to get very far.



President Giscard d'Estaing greets President Brezhnev, arriving for a three-day state visit to France.

Mr Brezhnev revives French link

From Charles Hargrove, Paris, June 20

Mr Brezhnev, the new Soviet head of state, arrived in Paris this morning for a low-key and brief state visit, in which an unusual amount of time will be spent on talks with President Giscard d'Estaing.

Mr Brezhnev will stay at Rambouillet, making only brief public appearances in Paris, including a call on M. Jacques Chirac, the Mayor of Paris, which had not originally been scheduled.

Both heads of state attach great importance to the visit and to its timing. But the reputation of the Soviet Union is at present rather low in French public opinion, owing to the impact of Soviet dissidents.

It was thought preferable, therefore, to limit the risk of hostile demonstrations in the capital. There have been banned but have taken place anyway. On Saturday night 160 people were held for questioning after a violent demonstration by extreme right-wing organizations on the Champs Elysees.

The Soviet security authorities informed the French of a

possible attempt on the life of the Soviet President by a sharpshooter, and 3,000 gendarmes and police are guarding the chateau and park of Rambouillet during the visit.

Greeting Mr Brezhnev at the airport, M. Giscard d'Estaing said: "I wish to emphasize the attachment of France to the policy of détente. We do not ignore the difference in our conceptions, or our regard for the principles which are ours, but we know the only alternative is confrontation and the destruction of our peoples."

Only France and the Soviet Union could give détente a seal of authenticity, he said. In a sense, however, the fact of the visit is more important than the agreements that will emerge from it. The text on détente is already worked out, hatching a few details and may take the concept a little further by extending it to Africa and other parts of the world and by getting away slightly from the Soviet concept of a mere consolidation of the status quo.

But what matters is that Mr Brezhnev has chosen France rather than West Germany or the United States for his first visit since 1974 to a western

country, apart from the Helsinki conference.

Soviet distrust of M. Giscard d'Estaing's American sympathies, and the unsatisfactory results of the French President's visit to Moscow in 1975, have given way to a new honeymoon—perhaps because of the deterioration of Soviet relations with the United States since the Carter Administration took office.

The support of France for his policy of détente at such a juncture is important for Mr Brezhnev. So is Soviet support for a new concept of nuclear non-proliferation that does not discriminate, provided there are safeguards, against peaceful uses.

The visit of Mr Brezhnev is also for M. Giscard d'Estaing an indirect political guarantee. It confirms the impression that Russia is not anxious to see the left come to power in France next March. In the difficult economic and social context this cannot be seen as a mere consolidation of the status quo in Western Europe.

For the first time on a visit to France, the Soviet leader will not meet M. Marchais, the Secretary-General of the French Communist Party.

Italy facing threat of police death squads

From Patricia Clough, Rome, June 20

The danger of South American-type "death squads" bent on personal revenge against left-wing terrorists arose in Italy for the first time today.

An anonymous letter sent to Ansa, the Italian news agency, announced the formation of "all Italy" of carabinieri death squads to avenge victims of the "armed criminals of the communist revolution".

It said the squads were being formed on the lines of those which in Brazil wiped out political and common crime within a short time. For every victim of left-wing groups, it said, relatives of known guerrillas would be murdered.

The letter, headed by a skull and crossbones, ended with the slogan: "An eye for an eye and a tooth for a tooth."

So far police and carabinieri have been level-headed in their reaction to terrorism and the deaths of their colleagues. The police force, which is restricted to the bigger towns, is pressing for its own reform of the better training to deal with modern criminals, though there have been some demands for revenge and, in moments of great stress, some students have been beaten up. The carabinieri, an armed force which does police duty all over the country, is regarded as more disciplined and better run. It has shown no outward signs of strain.

Police and carabinieri with machine guns and bullet-proof jackets were today guarding big factories and warehouses in the Milan area after extremist groups had turned their hands to arson.

Yesterday youths disguised as police set fire to two large warehouses belonging to Siemens, Italy's biggest telecommunications firm, and Magneti Marelli, an electrical company owned mainly by Fiat.

Eighteen new cars were destroyed or damaged by arson in a Fiat showroom in Prato, near Florence.

Responsibility for the fires and, indirectly, the attack on the foreman, was later claimed by a group calling itself the "Communist Front Line Organization", which said its aim was to break up the "capitalist machine".

Princess Christina gives birth to son

Stockholm, June 20—Princess Christina of Sweden, aged 33, the sister of King Carl Gustaf, today gave birth to a second son by caesarean section, the Swedish Court announced. Her first son was also delivered by caesarean. Queen Silvia of Sweden is expecting her first child in mid-July.—Reuters.

Britain turns down call to pay more in Europe

From Michael Hornsby, Luxembourg, June 20

Mr Denis Healey, the Chancellor, turned down a call today that the British should calculate contributions to the EEC budget from next January on the basis of the 1979 budget, because they would cost Britain an extra £470m over the next two years.

The Chancellor told other EEC finance ministers, who were holding a regular monthly meeting here, that Britain could not agree to any formula for calculating the budget which was not "financially neutral".

Unless resolved, the dispute will block the introduction from next January 1 of a new and more realistic unit of account as the basis for calculating the EEC budget.

At present sterling has a value of 2.4 units of account for EEC budgetary purposes, whereas it would be worth only about 1.5 of the new unit, which would reflect the current market rates of

national currencies. The new unit is already used for other purposes, such as aid to developing countries.

Mr Healey said Britain wanted to see the new accountancy system introduced next year, but only if it was permitted a gradual increase in British contributions to the EEC budget, and not a disproportionate sharp jump.

At issue is how to interpret Britain's Treaty of Accession to the EEC, which provided for limits on the percentage increase in British contributions to the EEC budget during the two transitional years of 1979 and 1980, leading up to Britain's full integration into the Community's self-financing system in 1980.

Under the interpretation of the European Commission, which Britain accepts, the British share of next year's budget would be 14.1 per cent, but on the French and German view this share would jump to 18.2 per cent, which makes no allowance for the lower value of sterling when translated into the new unit of account.

French politicians become aware of the Jewish voters' increasing strength

By William Frankel

During the French municipal elections last March, M. Jacques Chirac, the Gaullist leader, was to be seen wearing a kumkaz and eating in a Paris kosher restaurant.

This type of campaigning, more reminiscent of New York than Paris, was not unexpected with a public opinion poll showing that the Jewish population of France numbered 700,000, almost 50 per cent more than the previously accepted figure.

With the parliamentary elections due next March, the political leaders have suddenly become aware that, because of their conservatism, in limited numbers of districts the Jewish vote—particularly in Paris—could be decisive in a close race.

So, in an effort to relieve the strain between the Government and the Jewish community, President Giscard d'Estaing, early in May, gave an interview at lunch (kosher) to the leaders of French Jewry. They included its spiritual and lay heads, Chief Rabbi Jacob Kaplan and Baron Guy de Rothschild.

Until now, French governments have felt free to ignore Jewish opinion in their pro-Arab stance which began with the 1967 Six Day War. Fanned by Israeli rejection of his advice, Giscard d'Estaing turned not only on the Jewish state but on the whole of Jewry, which he described as a "dominating elite".

His successor, President Pompidou, antagonized Jews even further with his attitude of disdain towards them and their concern for Israel's interests.

Under his election problems Middle East policies.

intervened, the present President seemed to be following the same line, notably in the case of Mr Abu Dahoud, the Palestinian terrorist leader who was flown to freedom shortly after he was arrested by French police.

The Jewish community in France is the largest in Europe and the only one which has grown since the end of the Second World War. Hitler reduced the Jewish population of Europe (excluding Russia) from about seven million to 1,500,000. At the end of the war there were about 250,000 in France, but their numbers rose considerably with the immigration of Jews from Algeria and Tunisia when those countries became independent.

The oldest-established Jews preferred to present a low profile while the newcomers were "too new" to become politically active. But both these situations have now changed.

An indication of this was contained in a recent issue of the monthly journal of the Jewish community, *L'Arché*. An editorial column, "Jewish voters", determined to show their interest in the ballot box in particular their desire for more balanced French policy in the Middle East.

The question facing French Jewry now is which party should give their political support to. Neither Gaullism, nor the left wing is particularly attractive on present policies. But, as the parliamentary elections draw closer, and the Jewish vote is courted, in combination might provide the catalyst for a revivified Middle East policies.

Medical experts discuss suicide rate

Helsinki, June 20—Medical, social and theological experts are to spend three days discussing suicide at a meeting here.

More than 1,000 delegates from 40 countries to the ninth international congress on suicide prevention, which opens tomorrow, will discuss the theme "self-destruction in a changing world". In a three-day period as many as 30,000 people throughout the world attempt suicide, according to official statistics.

Analysis of the problem will focus on several alarming trends, such as the increasing suicide rate among women and children and so-called "indirect self-destruction" committed through smoking or

failure to seek treatment for serious illnesses. The first subject tomorrow will be suicide in Scandinavia, where the reported rate is among the highest in the world.

Professor Norman Farberow, of the United States, president of the International Federation for Suicide Prevention, has said that the meeting provides an opportunity "to explore feelings and attitudes towards self-destruction in a part of the world most prone for its advanced social concern and assumption of responsibility for its citizens".

The second day will be devoted to new approaches in what is called crisis intervention: ways of spotting the con-

scious or unconscious cry for help from a potential suicide victim before it is too late. On Thursday the experts will investigate perhaps the saddest problem facing the congress, that of suicide among children.

Professor Nalle Achte, of Finland, the congress president, has said that there is no universal profile of a would-be suicide, but the most highly exposed individual appears to be the lonely middle-aged man with depressive tendencies.

The suicide rate among men was once four times that among women, but the women are now catching up. The experts believe this may be due to increasing strain as they achieve greater equality with men.—Reuters.

Kidnappers of Fiat man advertise

Paris, June 20—A full-page advertisement from the group holding Signor Revelli-Beaumont, the kidnapped head of Fiat's operations in France, for ransom, appeared today in *Le Monde* and *France-Soir*.

The advertisement referred to the kidnapping 63 days ago, but was addressed to "European, North American and Japanese workers... and to our people of the Third World".

Saying that the world the group would create would be "neither old, nor new, but for the workers", it declared: "Our power, the power of the workers, will assure the defeat of the bosses."

In a previous statement, the group claimed that Fiat had built its riches on exploitation of its workers.

Eight months the self-styled Committee for Revolutionary Socialist Unity sent a letter to Paris newspapers threatening to kill Signor Revelli-Beaumont, unless it received \$30m (£17.5m) but the size of the ransom was later reduced.

Last week a friend of the Revelli-Beaumont family, Signor Aris, a former Dominican minister, was charged with the abduction, after apparently acting as mediator between the family and the kidnappers.

After the arrest of Signor Aris, M. Pierre Otavelli, the head of the Paris crime squad told reporters that there was no longer any ransom deadline. He had proof that Signor Revelli-Beaumont had been alive on Tuesday.

The deadline for the ransom has been postponed four times by the kidnappers, amid speculation that Fiat was involved in some kind of negotiations, despite public statements to the contrary.—Reuters.

Berlinguer brother attacks party's 'change of class'

From Our Own Correspondent, Rome, June 20

Two relatives of Signor Enrico Berlinguer, the Italian Communist Party leader, have criticized the party and its intellectuals in the party's press.

One critic is Signor Berlinguer's younger brother, Giovanni, a professor of social medicine. Communist Deputy and member of the party's central committee. The other is his cousin, Signor Luigi Berlinguer, a law professor, also a Communist and a former Deputy.

Professor Giovanni Berlinguer has expressed "deep concern" in the Communist review, *Rinascita*, that while more workers and farmers are joining the party, fewer are becoming party officials and leaders. Professional people, students and workers are taking over an increasing proportion of the leadership, he says.

This development brings a "risk of a change in the

party's class identity and this, in turn, could affect our political line", he wrote.

"While we want the characteristics of the working class (severity, a down-to-earth approach and solidarity) to penetrate the whole fabric of Italian society and habits, there is the risk that these will fade in our ranks."

The Berlinguer family are well-to-do Sardinian landowners of aristocratic origins.

Professor Luigi Berlinguer sharply criticized university professors, including left wing ones, who draw their salaries but turn up for lectures.

Writing in the party organ *L'Unità*, he accused the party of considering it natural that a professor should neglect his duties in favour of his political or public commitments. Professor Berlinguer suggested that Communist professors should set an example to the others.

Newspaper to print after 5-month dispute

From Our Correspondent, Copenhagen, June 20

Printing staff arrived at the Berlingske Tidende works today to prepare the first copy of the newspaper to appear for almost five months after one of the longest work stoppages in Danish labour history.

A month ago the printing staff voted to accept an agreement reached between unions and management, but further delays caused by disputed interpretations of the agreement prolonged the stoppage.

The latest bargaining reduced the number of printers to be laid off from the 250 proposed on May 23 to 192 now and 50 at the end of this year.

Brigadier imprisoned for spying lodges appeal

From Our Correspondent, Geneva, June 20

Lawyers for Brigadier Jean-Louis Jeuniaux, who was sentenced to 18 years' imprisonment by a Lausanne military court on Friday for passing secret information to the Russians, have lodged an appeal.

The appeal is based on the contention that some of the acts of which Brigadier Jeuniaux was accused should have come under the statute of limitation. In addition, the lawyers maintain that the sentence was

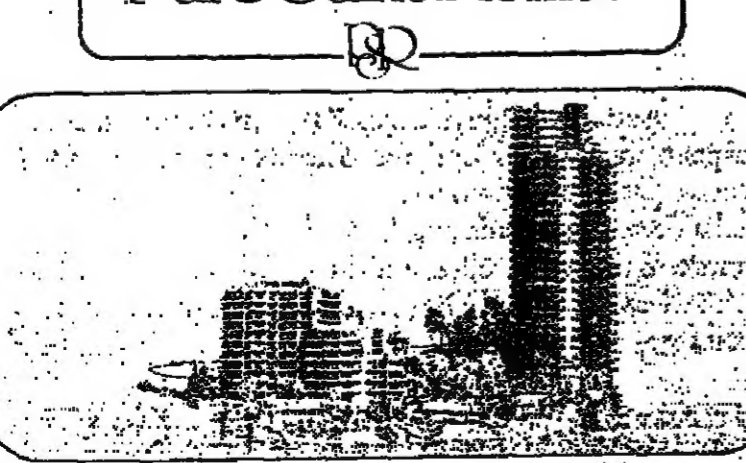
arbitrary and excessive. The maximum penalty on the charge of spying is 20 years' imprisonment, and the prosecution had asked for 12.

The Federal Justice Department said today that legal proceedings under Article 301 of the Swiss penal code, relating to gathering of military intelligence on Swiss territory for a foreign country to the prejudice of another state, are being taken against a Swiss national who was detained briefly in mid-May.

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1% above Ordinary Share Account rate	7.20%	11.08%
3 Year Capital Bonds (£500-£15,000*)		
1% above Ordinary Share Account rate	7.70%	11.85%
4 Year Capital Bonds (£500-£15,000*)		
1% above Ordinary Share Account rate	7.70%	11.85%
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ERSEAS

Owen will return to southern Africa when proposals for Rhodesia independence are ready

id Spanier
the Correspondent
the Foreign Secre-
tary expects to return to
Africa this summer to
his efforts to obtain
as soon as it is possible
a balance of power
for an independent
ve," he said yesterday.
package of proposals,
was presented, would
be full support of the
and United States Gov-
t. Dr. Owen said
of the Commonwealth
in London. Any
in southern Africa
in the way of a
s then, on the broad
proposed, would have
every responsibility for
the stability of the area
view the next few
determine possibly the
Africa for decades to
Dr. Owen said. The pur-
negotiated settlement
ahead, "despite every-
one's doubts, every-
accident, despite every
hich either knocks the
initiative or attempts to
its values".
as he was respon-

sible as the overall chairman,
he would pursue the Anglo-
American initiative, the
Foreign Secretary continued.
He believed there was a pos-
sibility of a negotiated settle-
ment. "I don't pretend that
the odds are great but in the
next few weeks, and it is now
a matter of weeks, we will have
to produce as firm a proposal
as we can."

It would cover not just the
constitution but the crucial
period of the transition to
majority rule, "dealing with
the problem of maintaining law
and order during the whole
difficult period when the
Rhodesian front has got to
leave office."

"Time runs out on us," Dr
Owen said. "Every response to
violence, and particularly when
successful or when cruelly and
violently rebuffed, feeds the
appetites of those who wish
only for a violent solution."

In answer to a question, he
said that some consideration
had been given to the idea of
a Commonwealth peacekeeping
force. This was a possibility,
but he could not imagine any
such force succeeding, whether
UN or Commonwealth, unless
it was limited to a peacekeep-
ing role. "The idea of it going

in as a combatant role would,
I think, be unacceptable to
everyone."

New York.—The United
Nations Security Council today
deferred action, probably until
Wednesday, on a request by
Mozambique for an urgent meet-
ing on alleged incursions by
Rhodesian troops, council
members said.

They said the council was
awaiting the arrival of an em-
bassy from Maputo and Mr. José
Carlos Lobo, Mozambique's
permanent representative, who has
been away from New York.

Mr. Saturday, President
Machel of Mozambique accused
Rhodesia of "open aggression
and actions which assume the
proportions of an invasion".
Rhodesia, he said, had been
described as a "bizarre state"
ment from Mozambique that
Rhodesian troops had crossed
the border and fought a five-
day battle in the Espungabera
area close to the border.

From a Rhodesian aircraft
flying over the border area to-
day, journalists could see that
roads around the hilltop village
of Espungabera were deserted.
No troop concentrations could
be seen on the Mozambique side
of the border.—Reuter.

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Afrikaans writer faces
jail escape charges

From Nicholas Ashford
Johannesburg, June 20

Mr. Breytenbach, the
Afrikaans writer who is serv-
ing a nine-year sentence under
the Terrorism Act, today
pleaded not guilty to 17 fur-
ther charges under the Ter-
rorism Act, the Prisons Act
and the Motions Assemblies
Act.

Mr. Breytenbach appeared in
the Pretoria Supreme Court
before Mr. Justice Boshoff,
who is acting Judge President
of the Transvaal. The case was
adjourned until Thursday at
the request of Mr. Breyten-
bach's counsel to enable the
defence to study 184 tape-
recordings of conversations Mr.
Breytenbach allegedly had with
a prison warder in Pretoria
central prison, where he has
been held since being sen-
tenced in November, 1975.

The main charge against Mr.
Breytenbach is that between
April 17 and October 19, 1976,
he furnished the aims of the
Okhela organization (the
"white" wing of the banned
African National Congress) to
overthrow the South African
Government by force. He is
also accused of persuading Mr.
Piet Groenewald, a prison
warder, to join Okhela, of
planning to escape from Pre-
toria prison and of ordering to
Mr. Groenewald proposals for a
campaign of urban guerrilla
warfare in South Africa.

The state's star witness will
be Mr. Groenewald. Mr. Filip
Jacobs, the prosecutor, said he
had been recruited by Mr.
Breytenbach but had later
become scared and reported
Mr. Breytenbach's activities and
his own to his senior officers.
He had been told to continue
his contacts with Mr. Breyten-
bach and their subsequent con-

versations had been recorded
and would be used as evidence.
According to the prosecutor,
Mr. Groenewald had numerous
conversations with Mr. Breyten-
bach and carried letters and
other documents for him,
which were addressed to
members of the Okhela organi-
zation. Mr. Breytenbach had
planned to arrange for Mr.
Groenewald to go to the Soviet
Union for training.

Mr. Breytenbach had later
told Mr. Groenewald of his
escape plans in full, had sol-
icited his help and asked him
to make arrangements for him to
travel first to Botswana and
then to an overseas country.

Mr. Breytenbach, it is
alleged, asked Mr. Groenewald
to deliver a letter to another
prominent Afrikaans writer,
Mr. Andre Brink, requesting a
£200 loan. He intended to use
this money to buy a gas pistol
to use during his escape.

Mr. Breytenbach is also
alleged to have instructed the
warder in Okhela's tactics of
measures and codes and to
have urged him to carry out
acts of urban guerrilla warfare,
such as setting fire to build-
ings, blowing up roads and kid-
napping public figures.

In another trial in the Pre-
toria Supreme Court, 11 men
and one woman all faced a
number of charges under the
Terrorism Act.

The 12 — purportedly
members of the African
National Council (ANC), the
South African Communist
Party and the ANC's military
wing, Umkhonto We Sizwe
(Spear of the Nation) — al-
legedly conspired with 47 other
people to commit sabotage,
military training, arms smug-
gling and to distribute subver-
sive propaganda. All 12 have
pleaded not guilty.



Space view of the Rockies: This striking
view of the Rocky Mountain Trench,
British Columbia, from a height of 560
miles, is from a new book of images trans-
mitted by the National Aeronautics and
Space Administration's Landsat earth
resources satellite. It shows an area
measuring about 115 miles by 115
miles. The Fraser River bisects the
picture. It flows into Moose Lake

(bottom right) just west of Jasper,
Alberta, which is off the image. The valley
occupied by the Fraser River is a small
part of the trench, a great fault zone over
1,500 miles long, that extends from Alaska
to Montana. The book, *Mission to Earth:
Landsat Views the World*, which contains
some 400 images, is published by the
United States Government Printing Office,
Washington. Price \$14.

Bubble bath of words in Belgrade

From Richard Davy
and Daria Trevisan
Belgrade, June 20

The 35-nation meeting here
which is preparing for the
review of the Helsinki agree-
ment in the autumn, is now
giving comfortably into a
bubble bath of words, where it
is likely to remain submerged
for several weeks.

Minor differences in
phrasing, discussed anxiously
in the corridors, establish a
fairly wide range of positions.
The Russians want a
portmanteau agenda for the
autumn meeting, consisting of
little more than one item which
would enable anyone to talk
about or avoid anything. The
European Community and the
Americans want a carefully
itemized agenda which will en-
sure a full exchange of views
on implementation.

It can be inferred that the
Russians wanted to avoid any
public sessions whatever in the
autumn meeting as well as any
reference of work to commit-
tees. They wanted a brief,
closed plenary session with
minimal opportunity for declam-
atory speeches, detailed scrutiny
of the record, or elaborate new
proposals.

The West will not agree to
this, nor will the neutral and
non-aligned countries.
The neutrals and non-aligned
countries had a meeting today
at which they discussed a
possible compromise which
would lump together implemen-
tation and forward-looking pro-
posals in one agenda item but
mention them separately and
propose an "organic flow"
from one to the other. A draft
is not expected to be ready
until Wednesday.

The Romanians, taking a
characteristically independent
view, say they agree with
separate agenda items but do
not like the word "review"
because it is retrospective.
They want full opportunity to
present new proposals, of
which they have plenty up their
sleeves.

Like the Russians, they are
not keen on having their
record on human rights scruti-
nized but they will not align
themselves fully with the
Russian approach either.

The Russians today showed
coolness towards the obligation
to discuss further follow-up
meetings, which presumably
reflects their unhappiness with
the way things have gone since
Helsinki, although the confer-
ence was originally their
idea.

Agreement closer on Atlantic air services

By Arthur Reed
Air Correspondent

Continued progress was made
by British and United States
Government officials towards a
new Bermuda north Atlantic air
services agreement in London
yesterday.

The existing agreement
expires not at midnight tonight,
lawyers discovered, but mid-
night tomorrow, giving negotia-
tors more time. It was cancelled
by Britain on the grounds that
it favoured American airlines.

The main point at issue, as
the negotiators have met in
continuous daily sessions over
the past few days, has been the
number of seats which each
airline should offer.

Each side has threatened to
block the other's air services
if a new agreement is not
reached by midnight tonight.
British Airways carried large
display advertisements in most
London daily newspapers yester-
day promising to get passen-
gers to the United States if
the agreement was not renewed.

They gave a list of 12 daily
flights which, instead of going
to United States cities, would
divert to Montreal, Toronto or
Nassau.

Pan American were under-
stood to have advertisements
ready, but were delaying publi-
cation as long as possible to
avoid confusing passengers.

Trans World said that they
had no plans to advertise,
intending to inform passengers
of changes in schedules through
their reservations staff.

Mr Beigin fails to win
Yadin party support

From Moshe Brilliant
Tel Aviv, June 20

Mr. Beigin, the Israeli Prime
Minister, and his coalition
Cabinet assumed power today,
ending 29 years of Labour
Party rule.

The reformist Democratic
Movement for Change (DMC),
which has negotiated unsuccess-
fully to join the coalition, suc-
cessfully to join the coalition,
announced it would vote with
the opposition in a vote of con-
fidence later tonight. But Mr.
Beigin, who is still holding
three portfolios open for the
party, is assured of a small
majority.

The Labour Party transferred
power gracefully. Mr. Shimon
Peres, the former Prime Minis-
ter, said the party would be
a responsible but fighting
opposition.

There were no surprises in
Mr. Beigin's speech, which
sounded a strong note of
national self-respect.

He indicated that he found
efforts to induce Arabs to
recognize Israel's right to exist
somewhat offensive. "It would
not enter the mind of any
Briton or Frenchman, Belgian
or Dutchman, Hungarian or Bul-
garian, Russian or American,
to request recognition of their
people's right to exist," he said.
Mr. Beigin said Israel and her
neighbours required mutual
recognition of sovereignty and
a life of peace and under-
standing.

"Should this plea meet with
refusal, we shall take note of
the Arab intransigence," he
said.

Mr. Beigin spoke of deepening
friendship with the United
States and said he was
interested in normalization of
relations with the Soviet Union
if Moscow took the initiative.
But he said Israel would lay
down conditions, including the
release of more Zionist
prisoners and permission for
all Jews wishing to come to
Israel to do so.

Professor Yigal Yadin, the
DMC leader, said Mr. Beigin,
in the coalition negotiations,
had insisted that the electorate
had voted against territorial
compromise. Professor Yadin
said this was not true and
there was evidence that Mr.
Beigin's own party was willing
to compromise in order to
achieve a true peace.

Mr. Peres said Mr. Beigin had
rejected the DMC as coalition
partners because he feared they
would soften his foreign policy.
He said Mr. Beigin had been
willing to allow the Liberal
Party within the Likud
alliance to have its way in
economic matters and he would
make far-reaching concessions
to the religious parties so
long as they gave him a free
hand with national policy.

He said Mr. Beigin's hard
line would cause support abroad,
the economic programme would
cause unemployment, and con-
cessions to the National
Religious Party, such as non-
recognition of conversions to
Judaism by reformed rabbis,
would lead to confrontation
with Jews abroad.

Watergate prosecutor
closes his office

From Patrick Brogan
Washington, June 20

The Watergate Special Pro-
secutor's office is closing down
this week. Its files have been
packed and are being shipped
off to the archives. Its staff is
dispersing and Mr. Charles
Ruff, the prosecutor, is vanishing
into the Department of
Health, Education and Welfare.

He is the fourth prosecutor.
The others, in chronological
and descending order, were
Professor Archibald Cox, Mr.
Leon Jaworski and Mr. Henry
Ruth.

It is not altogether a co-
incidence that the last two
Watergate criminals, Mr. John
Mitchell and Mr. R. H. Hal-
deman (who were also the most
senior government officials
prosecuted during the affair),
go to prison on Wednesday. It
is a coincidence that the office
is being wound up almost
exactly five years after the
event that started it all, the
Watergate burglary on June 17,
1972.

Mr. Ruff gave an interview to
Bob Woodward of *The Wash-
ington Post* (a reporter who
himself played a considerable
role in the early months of the
case), in which he said, "I am
going to try to get these damn
bones packed as fast as I can
and get the hell out of here. I
am, for the record, sick of it.
I look forward to leaving this
office."

Mr. Ruff's last court appear-
ance concerned the committal
of Mr. Mitchell and Mr. Halde-
man to prison.

At its height, the Watergate
Special Prosecutor's office was
one of the most important
branches of Government and,
when President Nixon sacked
Professor Cox and closed it in
October, 1973, there was such
protest that the President had
to withdraw. That was when he
finally lost control of the affair.
That was also the event which
led the start of impeachment
proceedings in Congress.

The office did not find all
the answers to the Watergate
mysteries. It did not discover,
for example, who erased 10 of
the Watergate tapes. It lost several
of its prosecutions.

It fulfilled its main objective,
however, clearing up the
Watergate affair itself, and thus
it contributed so much to purg-
ing the American political
system that Mr. Ruff leaves
office convinced that there is
no need for a permanent special
prosecutor to check on the
Government. The Justice
Department can do that, he says.

Black Sea find

Moscow, June 20.—Soviet
fishermen in the Black Sea have
raised an anchor believed to
have belonged to the British
ship Black Prince, which sank
in a storm in 1854.

Storm kills three

Madrid, June 20.—Three
people were killed and one was
seriously injured near La Fel-
guera, in Asturias, during a
violent thunderstorm, the police
said yesterday.



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INTEMPT OF COURT

On 8 of this year Judge sitting at Norwich, a three-year prison sentence for a 17-year-old girl, Miss aged, ripped out her ear-lobes and broke her ribs. He was convicted of causing grievous bodily harm and indecent assault. He had previously a record.

newspapers comment on the policy, it is often that the leader writer have the opportunity of the whole case and that a who was in court the me had a better opportunity anybody not in court a proper opinion of the of what had occurred, able weight has to be this argument; anyone sat through a trial must a of how much fails to in even the most reports of the proceed- this case, however, no criticism of the sen- which was originally at least so far as the concerned. Last Friday, r of Appeal, Mr Justice tting with Lord Justice and Mr Justice Slynn, judgment, Holdsworth stated that the "three- a suspended sentence six months. This deci- all the more important, ury of Appeal influences nancing policy of all

since Wren justified this: "We have to bear in a sense of outrage to se if we interfere with ace. On the other hand, a man of previous good whose Army career a completely destroyed sentence were to stand," since Roskill told the an, "the best thing you w is to go back to your serve your country". ce Wren also observed: Maggs would probably

ROSE IN THE CLENCHED FIST

gress of the French Party, held last week- was described by a Eastern, a member of y's national secretariat, by the last before the me to power. That is of, thing which people ary, congresses, but in is M. Barthe almost believed what he was id his opinion is shared by his immediate but by most of France's commentators and, to opinion polls, by ority of the French

is no certainty in such course. The political would, for instance, be y modified if the recent shout Mitterrand's ved to be true. It is complex personality rrand that the unity gh of the party have in the past six years. is not mean it is ble, but there is not yet parent, and to provide ally credible replace- fore next March's lection would now be ssible.

as it may, the rumours not only categorically Mitterrand but also his vigorous perform- be congress. As things refore, the balance of y remains that the will win a narrow in parliament next d that Mitterrand

ices

Chairman of the Drink Industries Council, Farmer Cox, in his 15, are "market Of course the FDIC ee the efficient progres- making profits and prosperity, but as Hugh id in *The Times* on the id in the Common id Policy encourages far- duce more than internal ant, at prices so high y outside the EEC want n.

agree that a price freeze se, except perhaps when rather than the market rmined prices as to lead geable surpluses. arely.

AING.

Drink Industries Council, and, SWL

residents

George Japhet and I are among gnors about whom Sir afon wants to start a discussion (Letters, June 1). Having below some of, which are relevant to sion.

in England because my s working for an Ameri- an firm in London. in London because Lou- an international com- sion. His American dot-

have been less severely injured had she submitted to rape.

The injuries which the young soldier inflicted were extremely severe. Miss Maggs was off work for four months and is still suffering from the psychological damage. A suspended sentence does not seem an appropriate penalty for so grave an assault. It leaves the impression that the Court of Appeal does not regard such an assault as a particularly serious crime, as less important, say, than the offence of a solicitor who takes £25,000 of client funds. Dishonest solicitors are sent to jail without com- punction.

One might be reluctant to criticize too severely an error of judgment, however grave, which sprang purely from the desire to be merciful. There is, of course, a point at which over-merciful judges are bad judges, but at least their motive is humane. Yet no such defence can be made of the comment that Miss Maggs would probably have been less severely injured if she had submitted to rape. That has an implication that the girl, because she would not submit to being raped, to some extent brought her injuries on herself. Yet if she had submitted, it would have been put to her in the witness box that she was a consenting party to the whole thing.

This almost suggests that refusing to be raped is a kind of contributory negligence. That is a thank goodness—is not the law. Miss Maggs had a perfect right to go about without being assaulted and without being raped; it is the duty of the law to uphold that right and the duty of judges to deter those who contemplate violent acts by imposing penalties reasonably proportionate to the degree of violence used.

Some men may be found to agree with the Court of Appeal. Very few women will be found to agree. There already exists a widespread feeling that male judges take too lenient a view of the crime of rape or, as in

will then be asked by President Giscard d'Estaing to form a government. Even if not a probability, it is at least a strong enough possibility to need taking seriously by politicians in other countries of the European Community—and not least by those who expect next spring to be in power in this country. Anxiety naturally centres on the entry of Communists to the French Government, but the Socialists are likely to be the stronger party.

Even in opposition, that party is already playing a significant role in European politics. It is a new party, founded only in 1971, but has already shown itself—in cantonal elections last year—and in municipal elections this year—to be the leading party in France in terms of electoral support, overtaking both Communists and Gaullists. This spectacular performance has aroused envy and emulation among the Socialists of other European countries, particularly those "Latin" ones to the south of France which have so often looked to her for political inspiration.

While Italian Socialists lament their failure to produce a native Mitterrand, in the new democracies of Portugal and Spain strong socialist parties have been built in haste, with German money but with French ideas: their programme, at least in the long term, is not to reform capitalism but to supplant it with a libertarian socialism based on industrial self-management. In

lar income is taxed in Britain. We pay the same rates, VAT, National Health Service contribution, etc., as our British subjects, although we, of course, collect no pension; have no children attending school and have private medical arrangements. For the last we are penalized by having to pay exorbitant amounts for the medication we require.

Furthermore, in order to live in Britain for one year my husband has to obtain a work permit which is granted only at the discretion of the British Government if they are satisfied that his job is not one which might otherwise be held by a British subject. He then has to get a residence permit. This is issued by the Home Office where it can either be obtained in person after a three to four hour waiting period or else by post to which case it takes four to six weeks.

We feel that an increasing number of British subjects share Sir Malby Crofton's views. We are leaving. We are returning to the United States of America.

Sincerely yours,
LAURA JAPFET,
56 Yester Road,
Chislehurst,
Kent
June 17.

A chapel in danger

From the Chairman of the Georgian Group
Sir, Countess of Huntingdon's Chapel, Worcester. I was pleased to see Sir John Bedenham's letter in your issue of June 13, drawing attention to the current threat to this fine example of early

this case, of violent and indecent assault where rape is successfully resisted, and do not understand the shock and the lasting damage which is done. The disadvantage of a predominantly male judiciary is that it does not command the confidence of women in judging a class of crime of which women are the victims and men the perpetrators. The Court of Appeal will have done nothing to enhance women's confidence in male understanding of the significance of this sort of extreme sexual assault.

Suppose, for instance, that a young guardman had gone to a factory and beaten up the watchman—so severely that he broke his ribs and left him with severe internal injuries, and then perhaps was disturbed and failed to take the payroll—would it have been thought that it was wrong for him to receive a prison sentence? Or suppose, which is something older men understand better than rape, a young guardman waited in a dark alley in St. James's and stopped some distinguished gentleman leaving his club and beat him up, so that he was left ruptured and bleeding and broken on the pavement—would it then be thought that a six months suspended sentence was the right way to show society's disapproval? Yet young women have at least as much right not to be raped as old men have not to be mugged.

It is usually unwise of judges to say that they recognize that there will be public outrage, and then go on to cause it. The public is very often right. At the present time the public is quite prepared to see a lenient sentencing policy for crimes against property which do not involve serious violence. But the public knows that crimes of violence of all kinds have greatly increased and is rightly concerned that such crimes should receive measured punishment. The public does not take the view that grave violence with the intention of committing rape is an unimportant crime. Nor should judges.

France and Spain (and in Portugal until the experience of power brought its familiar disillusionment) the Socialists have managed to canalize and synthesize the revolutionary enthusiasm of the New Left with an essentially electoral and non-violent political strategy: a synthesis symbolized by the emblem of the rose held in a clenched fist, which from the Paris Socialist Federation has spread to almost every street in Latin Europe.

To be successful, such a party must be led by a highly skilled political tactician, who must be able to convince the floating voter that, in a crisis, his good sense will prevail over the reckless revolutionary element among his juvenile supporters. In the process he will usually have to face a show-down with a left-wing group whose support among paid-up party members is far greater than in the electorate at large. In Soerens, Portugal fought that battle early on, when the group led by Señor Manuel Serra left the party and quickly vanished into insignificance. Mitterrand this week-end humiliated the group called the CERES, which will no doubt avoid repeating Señor Serra's mistake even though, with just under a quarter of the mandates at the congress, it was refused readmission into the party's executive. It will be surprising if, some time in the next year or two, Señor Felipe Gonzalez does not have a similar struggle on his hands.

19th century non-conformist architecture. For more than ten years the Georgian Group has been actively opposing threats to the building which, in spite of "star" grading in the list, has long been considered by the civic authorities as a suitable site for an expansion of the Guildhall.

Formerly there are encouraging signs that the citizens of Worcester are awakening to the potential attraction and usefulness of this historic building and it is our hope that the Secretary of State will hold an inquiry into this matter which has for long been allowed to stagnate with consequent inevitable deterioration of the building.

Yours faithfully,
I. O. CHANCE,
Chairman, The Georgian Group,
2 Chester Street, SW1.

Hospital dispute

From Lady Donaldson
Sir, In your columns (June 14), the action taken by members of the active survivors of some sinister spy ring? On the sort of evidence—if that is the right word—brought against Donald Beves you could soon reach myself. After all, I knew Donald Beves, Camille Prior and Guy Burgess. I have a prior from East Germany, knowing how people occupying quite high positions in that country. A fortnight ago I paid a visit to the East German Embassy.

That you would give pain to many of us you were obviously aware since you described Donald Beves as "much-loved", but I find it difficult to believe your motives were purely satirical. A simpler explanation appears to be that you were playing the crypto-Communist game

Freedom for employees: the conflict at Grunwicks

From Mr John Gouriet
Sir, In your leading article on June 18 "Freedom for Employees", there are matters which require urgent consideration.

The conflict does not centre as you indicate only "on the rights of workers to union representation and the rights of pickets to express their grievances during a dispute". The fundamental issue at stake is the freedom of association to join or not to join a trade union. This is a basic human right which is conveniently ignored by the media and by those whose activities this week have brought shame upon the trade union movement.

The work force of some 260, 75 per cent of whom are of Asian origin, has continued to work without interruption under siege conditions which were never envisaged even by the Act which gives trade unions such immunity over the rest of the community. They have been under no compulsion to do so, but their loyalty and devotion to Mr George Ward, their managing director was movingly expressed by their spontaneous and prolonged membership. He also beside Mr Grantham at the factory meeting on Thursday. They had neither been primed with drink nor organized to howl Mr Grantham down as he had publicly alleged. I arranged this meeting and appealed to the staff beforehand to let the APEX General Secretary speak and then put over their point of view in an orderly fashion.

First, my branch members Messrs Williams and Mulley joined the picket line recently as Apex members in a response from not only our branch but from the General Secretary of Apex. In no way can the allegation that taxpayers' money was being wasted be justified. Mr James Prior, who is also a branch member, though not joining the picket line has written to the company urging them to accept the APEX response which was negotiating rights to Apex. Our branch feels this shows both political parties are in agreement that the independent body, ACAS, has made the right decision.

The company's refusal to accept this has led to the situation where the Employment Protection Act, one of the planks of an introduction of Phase I of the Social Contract, is threatened. Trade unionists there-fore feel attacked and have rallied round to help our colleagues who have had 44 weeks of picketing. Charges of racial-motiv are totally untrue and as a steward's clerk morning, I can confirm all people I have spoken to are card carrying members of a trade union.

On Monday morning (June 13) the police totally over reacted to the picket line forming at 6.30 a.m. A small group of pickets were standing outside the gates when a large group of police charged the

wick is receiving over £20 a week more than a similar grade elsewhere, when shop floor and can-teen facilities are spotlessly clean and bright, and when the workers themselves are patently happy in their work and with their management.

If the Government fails to provide the necessary support for the police to maintain law and order outside the Grunwick Laboratories, at our annual conference sums up the situation well. "Mr Ward can negotiate or close up". Even police intimidation or mass arrests will not stop the trade union movement winning this dispute.

Yours faithfully,
CHRIS WRIGHT, Branch Secretary,
Westminster TUP's Branch,
Association of Professional, Execu-
tive, Clerical and Computer Staff,
13 Chisoline Road,
East Croydon,
Surrey,
June 16.

From Mr Jeremy Smith
Sir, Having attended the Grunwick picket line during the past week as legal observer on behalf of the Executive Committee of the Hal-
dane Society, may I briefly draw attention to some aspects of the police handling of the situation which are both disquieting and, if continued, likely to lead to further industrial relations problems.

First, it is abundantly clear that the priority of the police action on each day has been to get the coach bearing most of the remaining Grun-
wick employees, into the factory; this is done to the absolute disre-
gard of the pickets' right peace-
fully to communicate information. Secondly, the force used in holding
pickets back at times when no
vehicle was in the vicinity was at
times unnecessary and provocative,
and has led to numerous arrests
which would have been avoided if
such tactics had not been employed.
Thirdly, the force used by certain
police officers against arrested
pickets has been quite unnecessary.
In these circumstances, a public
inquiry into the recent police con-
duct of this dispute is required,
including once more, regrettably,
the role played by some Special
Patrol Group officers.

In the Haldane Society's view,
one way of at least reducing the
scale of problem we have seen in
this dispute would be the enact-
ment of a statutory right for pickets
to stop vehicles entering the factory
and speak to their occupants for a
reasonable period.

Yours faithfully,
JEREMY SMITH, Hon Secretary,
Haldane Society of Socialist
Lawyers,
35 Wellington Street, WC2,
June 16.

Who was the fourth man? Sifting the evidence

From Mr George Rylands
Sir, May I add something to the answers (probably incoherent) which I gave when your representa-
tive telephoned me? I was in a
state of shock having just read, in
the *Evening Standard*, the indict-
ment (gossip-led) of Donald Beves, an
intimate friend of forty years as a
traitor.

Beves was not an intellectual. I
doubt whether he ever influenced
anybody, except incidentally, except
to infect them with his love of
French literature, art, wine and
cooking. He gave them sympathy,
wise advice and practical help. Nor
was he emotional or at all ready to
espouse a Cause. He cared whole-
heartedly for his College (the
Chapel and its services, in particu-
lar), his Country, his glass, the
theatre. Cautious and reticent by
nature he was so disinclined to
commit himself that some dismissed
him as merely lax, or pusillani-
mous or at best ready to make an
up. Provost Sheppard sometimes
complained that his placid inactivity
was far from mastery. He never
aspired, and was never conceivably
thought to be a leader.

But his was a key figure, only when
stage-managing the Greek Play, or
directing the French Play, or per-
forming incomparably as Feste,
Pandarus, Prospero, Falstaff. For
several decades I saw him almost
every day in the College committees
and sub-committees. He shared a
Cambridge theatricals and pageants.
The hundreds and hundreds of those
who knew him will not have given
a moment's credence to what must
be a gross error or a cruel hoax
of vindictive malignity.

Yours faithfully,
GEORGE RYLANDS,
King's College,
Cambridge,
June 17.

From Professor F. W. Clayton
Sir, The last letter I wrote to you
was on the gross hypocrisy of poli-
tics in the College. I have been
in the country since the subject
of education. Any old boy of my
sort of school will know what I
mean. You showed perhaps a wise
caution in refusing to publish it.
You have perhaps shown the same
sort of wise caution in singling out
for the posthumous honour of my
abuse my old tutor, Donald Beves,
a man long dead who has left no
family to defend him. But you will
forgive me for being somewhat
lukewarm in my contribution of your
wisdom and your caution.

You may argue that this attack
was surely harmless, since no one
now living can be hurt or injured
by it. One might, however, ask
what practical end, what high moral
purpose, your article has served. Do
you hope to track down the still
active survivors of some sinister spy
ring? On the sort of evidence—if
that is the right word—brought
against Donald Beves you could
soon reach myself. After all, I knew
Donald Beves, Camille Prior and
Guy Burgess. I have a prior from
East Germany, knowing how people
occupying quite high positions in
that country. A fortnight ago I
paid a visit to the East Ger-
man Embassy.

That you would give pain to many
of us you were obviously aware
since you described Donald Beves
as "much-loved", but I find it dif-
ficult to believe your motives were
purely satirical. A simpler explana-
tion appears to be that you were
playing the crypto-Communist game

of shaking our faith in one another.
But surely even you knew that you
would need some good, hard evi-
dence to do that.

Your paper has such a high repu-
tation that I find some of my friends
aghast at any suggestion that you
might have made unfounded insinua-
tions. Such a reputation, however
ill deserved, surely imposes obliga-
tions to check and double check
your sources.

I was once accused by a young
Communist, of a background similar
to my own, of having been seduced
by Donald Beves and others like
him into becoming a traitor to my
class. It is a possible viewpoint, but
can only say that, to a 17-year-old
boy from a Lancashire village school
and secondary school, feeling at
first a little lost and defensively
class-conscious among so many
Etonians, Wykehamists and the like,
the Kings of the Kings was a
place of wonderful kindness and
tolerance. It was not young men of
my sort at King's who went Marxist
in the thirties. It was Trinity Eton-
ians like Guy Burgess.

The concerted efforts of Guy
Burgess and others to convert me
to the cause suggest they thought
I was a potential recruit worth en-
listing. I admit that class-conscious-
ness was one factor in my resistance.
I resented being taught socialism by
young men who sounded as remote
from my kind as Mrs Thatcher or
Tony Benn. But the whole atmo-
sphere of the King's of Donald
Beves did seduce boys of my kind
into a belief that the dove, even pro-
ducts of public schools, were not
our natural enemies, and that there
were cultural values which we
should not rush wildly to destroy
because they were not available in
our own homes.

Of course you can argue that,
when Donald asked me to teach
him a Lancashire accent for a sort
of Laurel and Hardy act in *Tron-
let* it was with some sinister design
of going off to stir up trouble as
a disguised dock hand at Wigan
Pier. You can, as you have already
demonstrated, argue anything.

But basically I believe that young
Communism was right. Donald and
his kind did seduce me and my kind
into a belief in reform, rather than
violent destruction of the capitalist
system. He did make it hard to hate
the class when you loved the man.
You may, of course, be preparing
to stagger us all with real evidence
of some service he did the Com-
munist cause in the later years of
his life. But, even if you are, I sug-
gest that any digger up of the dead
for historical purposes should be at
least prepared to play the objective
recording angel and throw into the
scales Donald Beves services to his
country in the First World War
and the great influence he had for
so many years in making King's a
place where boys of different back-
grounds came together in tolerant
understanding—a kindly place.

Yours, etc,
F. W. CLAYTON,
Department of Classics,
University of Exeter,
Queen's Building,
The Queen's Drive,
Exeter,
June 17.

From Mr D. P. Clifford
Sir, I knew Donald Beves
moderately well from 1934 to 1937,
and although I have no personal
belief that he was the fourth man
in the conspiracy which
involved Philby, Burgess and

group. People were arrested com-
pletely indiscriminately, which in
itself led to a lot of bad feeling. Mr
Jack Dromey, secretary of Brent
Trades Council, Mahmood Ahmed,
a communist secretary, and
myself, tried to reason with the
police and give us a chance to sort
things out. Their reply was to
arrest Mahmood for obstruction.

I feel the statement made by our
General Secretary, Roy Grantham,
at our annual conference sums up
the situation well. "Mr Ward can
negotiate or close up". Even
police intimidation or mass arrests
will not stop the trade union move-
ment winning this dispute.

Yours faithfully,
CHRIS WRIGHT, Branch Secretary,
Westminster TUP's Branch,
Association of Professional, Execu-
tive, Clerical and Computer Staff,
13 Chisoline Road,
East Croydon,
Surrey,
June 16.

From Mr Jeremy Smith
Sir, Having attended the Grunwick
picket line during the past week as
legal observer on behalf of the
Executive Committee of the Hal-
dane Society, may I briefly draw
attention to some aspects of the
police handling of the situation
which are both disquieting and, if
continued, likely to lead to further
industrial relations problems.

First, it is abundantly clear that
the priority of the police action on
each day has been to get the coach
bearing most of the remaining Grun-
wick employees, into the factory;
this is done to the absolute disre-
gard of the pickets' right peace-
fully to communicate information. Secondly, the force used in holding
pickets back at times when no
vehicle was in the vicinity was at
times unnecessary and provocative,
and has led to numerous arrests
which would have been avoided if
such tactics had not been employed.
Thirdly, the force used by certain
police officers against arrested
pickets has been quite unnecessary.
In these circumstances, a public
inquiry into the recent police con-
duct of this dispute is required,
including once more, regrettably,
the role played by some Special
Patrol Group officers.

In the Haldane Society's view,
one way of at least reducing the
scale of problem we have seen in
this dispute would be the enact-
ment of a statutory right for pickets
to stop vehicles entering the factory
and speak to their occupants for a
reasonable period.

Yours faithfully,
JEREMY SMITH, Hon Secretary,
Haldane Society of Socialist
Lawyers,
35 Wellington Street, WC2,
June 16.

Maclean (and, I have little doubt,
others) I have no difficulty in
believing that he may have been.
Despite his elephantine gaudiness
there was a secretive quality about
the man which did not escape the
notice of all who knew him. What
do those who protest that it is
impossible this man could have
been the agent of a communist
conspiracy expect? That he should
advise himself by a sister
appearance? What better cover
than that of an amiable bumbling
don who hid behind his bulk? F. L.
Lucas, who was also a Fellow of
King's, used to say that it was a
fortunate thing that the wicked
were usually stupid otherwise they
would obtain their ends far more
certainly and easily than they do.
We have learned that they are not
always so stupid.

Yours faithfully,
D. P. CLIFFORD,
Hardin Place,
Hardin,
Near Slingsby,
Kent,
June 16.

From Mrs Monica Ferman
Sir, Much has been made of the
great aging gifts possessed by
Donald Beves, but let us recon-
sider that he was a comedian.
I appeared with him in countless
plays and remember the sense of
wonder with which the rest of the
cast waited, mercilessly upstaged,
while this great comic actor wrung
laugh after laugh from his audience
—and, just when it was all over,
—it did again.

Many years after his death, with
your help, he has come back for
the last laugh of all.

Yours faithfully,
MONICA FERMAN,
4 Wroxham Mansions,
38 Canfield Gardens, NW6,
June 18.

Compulsory seat belts

From Dr I. D. Brown
Sir, Nigel Lawson (Letters, June
11) is incorrect in asserting that
precisely the same arguments apply
to the criminalization of cigarette
smoking as to the non-wearing of
seat belts.

Diseases associated with smoking
have their major impact among the
middle-aged and elderly. The risk
is reduced for smokers who termi-
nate the habit, and it is clear that
the public is becoming aware of the
risks involved and voluntarily turn-
ing against smoking.

Road accidents largely affect the
younger members of society; killing
youngsters approaching the prime
of life and leaving tens of thousands
of victims crippled for perhaps 50
years or more: a burden on their
families and the health services;
not to mention the years of suffer-
ing involved. There is good evidence
that only some 30 per cent of the
public appreciate the risks suffi-
ciently to wear seat belts volun-
tarily, but that over 80 per cent
would wear them under compulsion.
Precisely the same arguments
apply to seat belt wearing as to the
wearing of motorcycle helmets.
When will we act on evidence
instead of opinion and eliminate
this legislative anomaly?

Yours faithfully,
I. D. BROWN,
21 Swynes Lane,
Comberton,
Cambridge.

Withdrawal from the EEC

From Signor Roberto Ducci
Sir, Mr Eric Heffer's contention
(*The Times*, June 20) that the UK
can at all times withdraw from the
European Community is factually
correct. To quote a well known
historical precedent, some American
states withdrew from the Union in
1860, notwithstanding the fact that
had bound them to it for 80 years,
and which were infinitely stronger
than those binding Britain to the
EEC.

But having conceded this point,
one must regret that British
politicians did not take part (though
invited) in the great debate that
accompanied the negotiation of the
Rome Treaty. If it had, it would now
be more widely known in West-
minster and elsewhere that the
Rome Treaty is conspicuous among
international conventions for having
neither a withdrawal clause, nor a
predefined duration. States which
have subscribed, or adhered to it,
have no legal way of withdrawing;
the Treaty is valid without end.
(The Paris Treaty establishing the
EEC was valid 50 years.)

A decision to that effect, without
precedent in international law and
practice, was taken not without
deep heart searching by the respon-
sible European states at the time.
In the last of their summit meetings
at the end of 1956 the then Heads
of Government of the six countries
recognized that what they were
building was not only a customs
union, but the beginning of an
economic union; not a community
of destinies. You don't work for a
common destiny until a certain
date, and then stop. You don't put a
limit to the common endeavour and
to make your resolve credible, you
don't admit that you may withdraw
from it.

The European leaders of the day,
including socialist Guy Mollet and
socialist Paul-Henri Spaak, may
have been what Mr Heffer and
others call Euro-fanatics. But surely
they knew what they wanted and
what they were aiming for; and that
was certainly something greater than
the mere desire of bettering their
position as the CAP may now be.
The difference is therefore a philo-
sophical one; and philosophical
divergences are the stuff of which
real revolutionary changes in
human life are made.

Yours sincerely,
ROBERTO DUCCI,
4 Grosvenor Square, W1,
June 20.

Journalists' closed shop

From Mr Jo Grimond, MP for
Orkney and Shetland (Liberal)
Sir, Mr Michael Duggan, the father
of the joint journalists' chapels at
Darlington, has claimed that anyone
who accepts the salaries negotiated by
the NUJ is not a journalist, and that
anyone who accepted the old rate
pension brought in by Asquith and
Lloyd George in the early years of
this century should have been com-
pelled to join the Liberal Party?
Yours faithfully,
J. GRIMOND,
House of Commons,
June 17.

Discovery of penicillin

From Lord Ritchie-Calder
Sir, Perhaps Sir Alexander Fleming
himself should be invoked as the
final arbiter in the argument about
penicillin in your columns.

In 1946, he wrote the introduction
to *Penicillin* (Bauerworth Medical
Publications). He gave an account of
his discovery of the penicillin effect;
of his own abortive attempts to con-
centrate it; and of the similar failure
of Rastick and others in 1932. He
went on:

"I failed to advance further for
want of adequate chemical help.
Rastick and his associates had
lacked bacteriological cooperation,
so the problem of the effective con-
centration of penicillin remained
unsolved."

Nothing further of importance
occurred in connection with penicil-
lin for seven years. During that time
a remarkable change had happened
in medical thought in regard to the
chemotherapy of bacterial infections.
In 1930 there had been no real
advance in this direction since
Ehrlich had introduced Salvarsan 20
years before. There was no idea
that the common pyogenic cocci
after they had invaded the body
were beyond the reach of all chemi-
cals. Then in the middle thirties,
the sulphonamides appeared...
The medical profession became
chemotherapeutically minded and
there was a move to treat all man-
ner of infections with these newer
chemicals. Duggan also had shown
that a certain bacillus could be in-
duced to make in culture a substance
which had an extraordinary effect on
some pneumococci and that B. brevis
produced a substance which had a
similar effect on some of the most
of the Gram positive organisms.

"It was in this atmosphere that
Flory and Chain at Oxford, having
brought to a successful conclusion
their work on lysozyme decided to
engage on a systematic investigation
of antibiotic substances. After study-
ing the literature they considered
it would be worthwhile attempting
to concentrate penicillin. They
obtained my culture..."

Yours faithfully,
RITCHIE-CALDER,
House of Lords.

The River Pageant

From Mr David W. Bloomfield
Sir, Many hundred of people waited
for hours in the rain to watch the
River Pageant from the Embank-
ment opposite the Shell Building.
Just before the Pageant arrived,
boats with private parties were
brought up and lined the River
Bank, blocking the view of every-
thing except the party on the boat.
Who was responsible for this
stupidity? It was disgraceful that
so many should have been treated
so,

PLA cuts trading loss and sees profit soon

By Michael Bailey
Transport Correspondent

Brighter times ahead for the Port of London Authority are forecast by the retiring chairman, Lord Aldington, in his latest annual report.

Trading loss after interest was cut from £8.4m in 1975 to £1.75m and a return to profitability is expected within a year or so, given a continuing reduction in manpower and freedom from industrial disputes.

At a London press conference yesterday Lord Aldington, who makes way for Mr John Cuckney of the Crown Commissioners in the autumn after six years at the helm at PLA, disclosed that the massive manpower reductions of the past decade from 24,000 to 8,800 registered dockers and from 8,400 to 4,700 other staff—was already yielding results in improved trade for London.

Traffic last year increased by three million tonnes to 48.6 million, and the build-up is continuing this year, especially in the import trades. A 10 per cent rate rise in January, largely because of a slimmer labour force, was less than in recent years, and less than some other ports charged.

After a 65 per cent cut in total staff to about 13,500 over 10 years, Lord Aldington sees smaller cuts—perhaps a further 30 per cent over three years, though he declines to quantify the future of the port—and an end to the upheavals of the past, with even a start to selective recruitment as the average age of dockers approaches 45.

But response to the new £7,000 severance offer has been "disappointing" so far, Lord Aldington said, with only about 380 elderly or unfit dockers taking advantage of it, leaving about 400, costing the PLA around £70 a week each but incapable of doing a dockers' job, still on the books. The fact that these people were still there with no work to do was a "blot on the working of the dock labour scheme", Lord Aldington said.

Non-docker staff were facing big changes with implementation of the new market-oriented management structure. "This requires fundamental changes in attitudes which I accept will be unpleasant to some," he says. "But the time for change is now; we can meet it head-on and build for our long term prosperity, or bury our heads in the sand."

Turnover last year was £57m compared with £55m in 1975, and operating profit before interest £5.3m compared with a deficit of £4m. After interest charges of £5.6m and restructuring costs of £5m, there was a net reduction in reserves of £5.7m.

12 groups set steel bar floor price

By Peter Hill
Details of a trading arrangement by 12 United Kingdom companies setting floor prices and market shares for sales of processed reinforcing steel bars (rebars) are being studied by the Office of Fair Trading.

Terms of the agreement have been submitted to the OFT by the British Reinforcement Manufacturers Association, and signatories to the agreement include British Reinforced Concrete Engineering and GKN Reinforcements.

According to the document, the aim of the scheme is to provide some rational marketing structure for the sale of rebars. At the same time, it aims to assist in making effective measures introduced by the EEC Commission as part of its anti-trust package for the steel industry through the setting of minimum prices.

The 12 companies plan to operate as a common selling agency by setting a minimum floor price at which business will be accepted and shares of orders received and tonnage delivered.

Rebar imports have risen to a high level over the past 18 months, but signatories to the agreement have undertaken not to import from countries outside the EEC, except those which have free trade agreements with the Community.

For rebars produced in the United Kingdom, the base-point

price under the Commission's pricing regime will be £135 a tonne and the BRMA scheme members will set a price which contains no profit element.

Signatories will be barred from accepting orders at below the agreed floor price and from offering any discounts, extended credit facilities or rebates.

Companies involved—principally those casting and bending rebars—will be expected to restrict their intake of new orders so as not to exceed their percentage market share allocation in any three-month period by more than 10 per cent.

Participants in the scheme will pay a subscription of £2,000 for each 1 per cent of the percentage market share allocated to them, with a minimum payment of £5,000. Companies exceeding their market share will be required to reduce deliveries in the following month either by transferring work to other members or by delaying deliveries.

Those failing to meet these requirements will be liable to a "fine" of £20 for each tonne of the excess tonnage. Companies accepting orders below the floor price will be liable for a similar sum.

An OFT spokesman said officials would be looking at the content of the agreement and if there were aspects contrary to the public interest the companies would be asked to remove them.

Of practice, withdrawal of agency recognition from a company which continually contravenes the code of practice is one of the most potent sanctions available to the OFT, and the OFT is seeking to maintain the voluntary code.

Should Mr Borrie decide to refer all or any of the agreements registered yesterday (or indeed subsequently) he could ask for an injunction banning them and at future similar pacts. Until he decides on what action to take, the agreements can remain in force.

Parties to the agreements registered yesterday include the Periodical Publishers Association, the Institute of Practitioners in Advertising, the Newspaper Publishers Association, the Newspaper Society and the Association of Independent Radio Contractors.

Most are only concerned with one specific agreement relating to an individual sphere of activity. Among subjects covered by the practices are the system of agency recognition by the media, the terms of acceptance

for advertisements, rates of payment and agreed terms of payment for advertisements and agency commissions.

Perhaps the most contentious point will prove to be the agency recognition system. Under this, media grant agreed discounts to advertisements placed for companies by a "recognized" advertising agency.

The agency, not the advertiser, pays the lower rate, which is usually reflected in an agency's rates. Although not part of the code

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LETTERS TO THE EDITOR

'No champion' for BP shareholders

From Mr H. H. Sebago-Montefiore
Sir, Your Financial Editor in his column today, "Deciding where the BP shares will go," reminds us that, had this been an issue by the company, Stock Exchange rules would have restricted preferred status to shareholders and BP employees but, of course, this is no ordinary issue and the Bank of England and Lord's Commissioners of Her Majesty's Treasury have decided to make available blue forms for 65,000 occupational pension funds to green form for 25,000 BP employees (some of whom I suppose may decide not to avail themselves of their opportunities) and yellow forms for the sub-underwriters who, no doubt, will leap at the chance and have already I believe applied for 42 per cent of the entire offer.

As a shareholder I received direct from the company a white form but this confers no preferential status and thus puts us in a deferred or depressed class.

Shareholders in oil companies who have stood by loyally in bad times as well as good, subscribed additional sums when they were needed, seen their tanker fleets laid up at great cost and waited patiently while expensive budget battles have been fought, have learned to their cost that their board of directors are not prepared to act as their champion.

So who can we look to if neither you nor the Stock Exchange are prepared to demand fair play for us? HAROLD H. SEBAGO-MONTEFIORE, 2 Paper Buildings, Temple, EC4.

From Miss B. J. Cranter
Sir, In "Business News" today (June 15) you report that in

late 1960s with the deficiency payments being held down by the Government, farm incomes were desperately low. By 1970, traditionally, unutilized farmers were demonstrating in the streets (protesting) in response to Mr Godley's "selective incentives".

Farm workers in the United Kingdom are recognized as amongst the lowest paid. That the policy of Mr Godley and Mr Barrow is proposing the nation would be fed partly at their expense as well as at the expense of low-paid workers and farmers abroad.

There is another aspect. In recent years there has been much discussion about the morality of so-called "factory farming" and other intensive methods of livestock production. It is not surprising that the EEC could not be equally moralized and it would be hypocritical in the extreme to import what our own country might be banned from producing.

STEREEN MEYLER, Orchard End, John's Green, Sandwich, Kent.

order that these BP shares should be spread as widely possible in the United Kingdom, being given to United Kingdom occupational pension schemes as well as employees of the I group.

Upon inquiring from I whether shareholders like myself are to be given the same preferential treatment if I apply to increase our holding I learned that we are not included in this Government/Bank of England decision. Although we are to receive a prospect through the post, the accompanying application form will exactly the same as that available to non-shareholders. With this discrimination against existing shareholders?

Yours faithfully, BETTY CRAWLER, 502 Hawkins House, Dolphin Square, SW1, June 15.

Farm wages in Common Agricultural Policy debate

From Mr Stephen Megler
Sir, In "Business News" (June 13) your review of Professor Hutchinson's "Knowledge and Ignorance in Economics" is headed "An Impure Science" and later refers to "a science which fails to predict accurately because of its 'humanity'".

Knowing from personal experience as a farmer how heavily agricultural production depends upon the highly unpredictable weather, I am surprised that economists so readily forecast the future availability and prices of world food supplies, and that others so readily believe them.

But, on other aspects of the debate on the Common Agricultural Policy which should be taken into account. One of its basic tenets is that the standard of living of those who work on the land should be brought to the same level as that of their non-agricultural counterparts, and I assume this is generally accepted as fair.

Before we joined the EEC the possibility of dumped food imports presented the same kind of threat to British farming that is currently affecting the textile industry and, in the

Workers would support idea of 'freeport'

From Mr R. Myddelton
Sir, The June 16 issue of *T* Times reports Professor Per

the Government, farm incomes were desperately low. By 1970, traditionally, unutilized farmers were demonstrating in the streets (protesting) in response to Mr Godley's "selective incentives".

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STEREEN MEYLER, Orchard End, John's Green, Sandwich, Kent.

Merchant banks and nuclear power

From Mr N. C. McKenzie
Sir, May I congratulate Ad-

have the expertise and are willing to make it available through projects in a most perceptible way. They are willing to accept terms. There are a number of avenues to be explored, depending on the particular situation and the country concerned, and some of these possibilities were touched on by Adrienne Gleeson.

In passing, may I just mention that the capital repayment schedules attributed to me in a recent article in your paper were quoted as an example in a paper I presented at the Salisbury Conference. These may well be considerable variations in other cases depending on local factors (the seven and eight years mentioned are also of course from start of construction not commissioning). Yours faithfully, N. C. MCKENZIE, Kilmor, Benson Limited, 20 Fenchurch Street, EC3, June 15.

A rates burden

From Miss M. C. Hunter
Sir, Perhaps someone can

explain to me why, after having tried assiduously, but unsuccessfully, to lease a modest, but unattractive, commercial property to secure the £10,000 sum which has in the past supplemented my income as a freelance translator, should be further penalized by being asked to pay not only the rates but also £419.22 but a surcharge of £529.70.

The above office is only 10 of the property. I live in a remainder, paying normal rates. I am entirely self-supporting. Although this may be irrelevant, my property is mortgaged and freehold—do belong to me. MARION HUNTER, 67A Carabell Road, Sutton SM4 4LE, Surrey.

Phone connexion charge only a deterrent

From Mr S. Buxter
Sir, I rather fancied the idea of having one of the new Key-phones and, on making inquiries, was told that this would increase my rental charge by £16 per annum. In addition, I would have to pay a £5 connexion charge.

When I queried this with the area sales manager, he wrote that this charge is standard for change and instruments to one of a different colour or type and that free connexion would undoubtedly lead to higher rentals.

On a TV on rental and wished to exchange it for a model carrying a higher charge, any rental company would be delighted to effect the substitution without charge in consideration of the increased rental.

I do not recollect many TV rental companies appearing at Carey Street and I wonder if anyone can inform me of the logic of the Post Office forfeiting an annual income increase of £16 for the sake of a once-only payment of £5.

S. BUXTER, 10 "Greenways", Moss Hall Grove, Finchley N12 8PA.

Valuable recruits for pensions trustees?

From Mr J. Holden
Sir, I have been following with great interest the public debate over private pension schemes which has arisen concerning the proposed changes to the logic of the Post Office forfeiting an annual income increase of £16 for the sake of a once-only payment of £5.

There is, however, another class which does not generally appear to be represented, which is the pensioners themselves. "Welfare" officers who deal with the problems of the individual pensioner, but there must be many pensioners with years of experience in various fields who would be able to make most valuable contributions to the trustees' debates. A 5 or 10 per cent representation is suggested.

J. HOLDEN, 14 Old Manor Close, Bexhill-on-Sea, East Sussex.

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Valuable recruits for pensions trustees?

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J. HOLDEN, 14 Old Manor Close, Bexhill-on-Sea, East Sussex.

Office of Fair Trading studies advertising pacts

By Ronald Emiler
Mr Gordon Borrie, Director General of Fair Trading, is to decide whether to refer a series of agreements relating to the advertising industry to the Restrictive Practices Court.

The agreements, placed on the register yesterday, include the industry's voluntary code of practice, but it is thought that Mr Borrie will not test the validity of this in the court as it is felt to be in the public good.

Parties to the agreements registered yesterday include the Periodical Publishers Association, the Institute of Practitioners in Advertising, the Newspaper Publishers Association, the Newspaper Society and the Association of Independent Radio Contractors.

Most are only concerned with one specific agreement relating to an individual sphere of activity. Among subjects covered by the practices are the system of agency recognition by the media, the terms of acceptance

for advertisements, rates of payment and agreed terms of payment for advertisements and agency commissions.

Perhaps the most contentious point will prove to be the agency recognition system. Under this, media grant agreed discounts to advertisements placed for companies by a "recognized" advertising agency.

The agency, not the advertiser, pays the lower rate, which is usually reflected in an agency's rates. Although not part of the code

£7m order for Pye from PO

By Kenneth Owen
Following trials at Surbiton Telephone Exchange, the Post Office has placed a £7m order with Pye TMC, part of the Philips electronics group, for advanced electronic equipment to part-modernize more than 240 exchanges at London, Birmingham, Edinburgh, Glasgow, Liverpool and Manchester.

Known as "Director" equipment, the units are used to translate a dialled number into route instructions between exchanges. At present this is done electromechanically; the Pye electronic directors are cheaper, smaller, more reliable and easier to adapt to changes in routes and codes.

This is the largest single order for telephone exchange equipment yet received by Pye TMC. The units will be made at the company's factory in Airdrie, Scotland, which two years ago reduced its workforce by 1,200 to 600 people.

For telephone users, the new equipment should mean fewer wrong numbers. At the heart of the Pye units are tiny integrated circuits of the metal oxide semiconductor, large-scale integration (MOS-LSI) type which are claimed to be the most advanced of their type.

EEC investment bank agrees on expansion

Luxembourg, June 20.—EEC finance ministers agreed in principle that there is scope for a substantial increase in the activities of the European Investment Bank (EIB), of which they are governors.

But a final decision, including that on a substantial increase in the nominal capital of the Community's long-term financing institutions will not be taken before 1978, an EIB spokesman said.

The spokesman, as well as several ministers, insisted that the size of the possible increase in EIB's capital was not mentioned by the governors when they met today.

M. Gaston Geens, Belgium's Finance Minister, told reporters that he is certain that EIB's capital will be raised next year. The EIB governors' agreement came after suggestions by Mr Callaghan, who, as President of the Community Council, said the EIB's activities should be extended.

Mr Callaghan's suggestion for increased EIB activity was part of a general call from government chiefs at their last Rome summit meeting. This sought Community action to help to reduce unemployment, to encourage a higher level of capital investment in member

states and to promote a greater degree of balance in their economic performance.

The governors decided in July, 1975, to raise EIB's nominal capital to 3,543m European units of account (about £2,300m) from 2,025m units. The increase, to be paid in by the nine member states, is being carried out in eight half-year instalments in members' national currencies.

EIB officials said it was significant that a new capital increase now appears certain next year, even though the four-year period over which the previous increase is staggered does not run out before 1979.

An EIB communiqué said that the bank's annual operations had risen threefold between 1974 and 1976, and nearly doubled in real or inflation-adjusted terms.

Taking EIB's past performance into account, the governors are sure that a continued increase in the bank's activities over the next year can be achieved, the communiqué said.

To this end, the governors agreed to take the necessary decisions at their 1978 annual meeting on the amount and timing of the bank's capital which may be needed to support a higher level of lending.

Yard claims wrongful receivership

Solicitors acting for Phoenix Shipbuilders of Beverley, Yorkshire, announced yesterday that writs have been issued against the Yorkshire Bank and against the receiver whom the bank put into the company, alleging the wrongful appointment of the receiver and claiming damages.

The receiver, Mr William Mackay, a partner in a London firm of accountants, took over the management of the Beverley shipyard on May 27.

Three days later, 64 workers were made redundant and subsequently the managing director was dismissed. The company has claimed all along that it is solvent. While it owes the Yorkshire Bank £739,000, customers, principally Saudi Arabia, owe it about £1m.

The company solicitors said they had received undertakings that none of the company's assets would be disposed of, and an injunction was being sought in the high court on Friday for the removal of the receiver.

At present, Phoenix Shipbuilders has four vessels under construction as part of a Saudi Arabian contract.

In brief

Sainsbury dispute peace plan

A peace formula to end the unofficial dispute which has disrupted grocery supplies to many branches of Sainsbury's was reached yesterday at a London meeting of the Advisory, Conciliation and Arbitration Service.

The formula was worked out between representatives of the company and members of the Union of Shop Distributors and Allied Workers and of the Transport and General Workers Union.

The proposals, which are claimed not to breach the pay code, were best put to meetings of the strikers at Sainsbury's Buntingford and Basingstoke depots.

About 850 of the Basingstoke workforce are involved in the strike, which has particularly hit deliveries of Sainsbury's cheaper "own label" products.

Mitsubishi trucks to be sold in Britain

Mitsubishi trucks made in Japan are to be sold in Britain, and discussions have taken place concerning possible assembly in Europe. Colt Car Company, United Kingdom distributor of Mitsubishi cars, said yesterday.

A Colt Car spokesman said sales of the trucks might begin before the end of the year. Colt Car is 49 per cent owned by Mitsubishi Corporation of Japan. The majority interest is held by British businessmen.

Taiwan launches its first supertanker

First supertanker to be built in Taiwan, the 445,000-ton Burmah Endeavour, has been launched at Kaohsiung, marking Taiwan's entry into the major league of competitive shipbuilding.

The \$75m (about £45m) vessel, the first ship built by the China Ship Building Corporation, is owned by the American corporation, Garco-Oswego, which has also ordered another of the huge crude oil carriers.

Burmah Oil is leasing the Burmah Endeavour and its sister ship on 20-year charters from Oswego.

Phone connexion charge only a deterrent

From Mr S. Buxter
Sir, I rather fancied the idea of having one of the new Key-phones and, on making inquiries, was told that this would increase my rental charge by £16 per annum. In addition, I would have to pay a £5 connexion charge.

When I queried this with the area sales manager, he wrote that this charge is standard for change and instruments to one of a different colour or type and that free connexion would undoubtedly lead to higher rentals.

On a TV on rental and wished to exchange it for a model carrying a higher charge, any rental company would be delighted to effect the substitution without charge in consideration of the increased rental.

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BY THE FINANCIAL EDITOR

Insiders: time to grasp the nettle

ain the seeming impotence to be doing anything about insider dealing, highlighted by a statement from the Panel on the Royal Sovereign Robinson affair.

Insider dealing is a mild rebuke from the standard of Royal Sovereign and what actually happened in this particular instance. Impression remains that because of the involvement in stamping out insider under the present system of self-regulation, the authorities are content to let a question ride.

A tacit admission of this seems to be the recent Panel-Stock Exchange for a code of conduct for companies price sensitive information. There is one issue on which all views are united: insider dealing is not a well-publicized case. It is a matter of the code plugging the gaps. It is in fact, the Panel has worked actively than many dared hope with the code plugging the gaps. It is in fact, the Panel has worked actively than many dared hope with the code plugging the gaps. It is in fact, the Panel has worked actively than many dared hope with the code plugging the gaps.

oyce/Fodens

for a
offer

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Ullmann sights land

Left of the secondary banking continues to make its way financial deeps to that far bourne. Some of the survivors—UDT, Continuum, make it by way of others, now find themselves in a very vulnerable position. The wave-rising interest rates, for but touching bottom and gaining since by the day. Amongst this group is Keyser Ullmann.

Ullmann has a lifeline out to the shape of the standby facility of the clearing banks of which is to make use—to the tune of £10m. The lifeline went out when the bank last autumn. It stays out the group is beginning to expand—other than property. This is show up, though, in either the year to end-March or the end of that date.

For the year show a loss, before in line with that of the previous year, provisions of £4m (1976-77) to cover the cost of assets or non-existent. The figures for 1976-77 mask a movement in the second-half of the year, the £6.7m of additional provision first six months was turned back of £200,000 on foreign trading level; it is true, there is a change, with a profit in the first-half accelerating to the second six months. But such

improvements as there was achieved despite the autumn rise in interest rates, which cost the group some £500,000, continuing losses to the tune of £1m a year by the housebuilding subsidiary Dennington, and the fact that none of the profit on selling off property assets against which the group's advances were secured were taken into the profit and loss account—they were transferred to general reserve, instead.

That isn't, of course, the case with the balance sheet which—largely in consequence of the £20m of property sales during the year—shows total advances down from £152.7m to £141.8m; property accounted for some £60m of that, and subsequent sales—£10m in the bank and another £8m under negotiation—will have reduced that further.

Some of those sales have been made at prices good enough to ensure that the £6m still available from provisions against an income shortfall will not be needed, or at any rate, not in full—which means write-backs this time.

Dennington remains a running sore, but elsewhere lower interest rates and increased letting income should ensure that first-half profits this time are at least £1m higher than they were last year—and given replacement of the high-cost clearing-bank money by money market deposits, the gain would be much higher.

By implication, the prospects for the dividend—trebled to a nominal 1p gross a share—are better than they have been for the past three years. Of itself that doesn't make the shares—up 2p yesterday to 35p—a buy, but it certainly adds to their other more speculative attractions.

Essex and the MCC. He was bowled out when he stood as a Labour candidate for Colchester in 1974.

Williams and Hattersley were greeted by boos when they arrived half an hour late for a press conference at the Department of Trade yesterday. Hattersley apologized but gave no reason.

Williams, he said, would be taking "a very substantial" salary cut in the new job. He will be paid £18,000, £1,500 or 6.4 per cent more than his predecessor, in view of the "more exacting" nature of the new commission's work.

The new chairman, evidently ill at ease, declined to discuss how early or how late he had been approached by Hattersley.

I rather like a job advertisement I saw in the papers yesterday which said: "Fluency in one or more European languages would be a definite advantage. The post is based at Bolton."

I hear that Charles Blyth is to succeed Peter Lewison as chairman of the reconstituted National Dock Labour Board, and that an announcement can be expected shortly to this effect from the Department of Employment.

Blyth is general secretary of the International Transport Workers Federation, a London-based body which coordinates the policies of about 350 unions in 80 countries representing about 4.1 million workers.

to recovery, possibly means that a short-term price gain is less important than it might otherwise be.

That will not hinder their accepting a higher offer, however, particularly if it is thought that Fodens may run into cash shortage problems or have to limit production below the level of demand. Profits were moving up very sharply in the second-half of last year and by far the greater part of the £1.7m total should show straight through to reserves as a result of the available tax losses.

Mr Ian Fraser, chairman of Kells-Royce Motors.

Borrowings, if changed, should be slightly down at around 75 per cent of shareholders funds, but the faster stock turnover that was achieved last year and greater debtor/capital control will not reap the same benefits again.

The break-even point was passed around 30 vehicles a week in the first-half and from then on, profits began to flow in quite fast. But the questions for this year are whether the further benefits from increased sales will create sufficient cash flow to fund a growing working capital requirement.

The fact that so far Fodens has performed better than RRM has expected is likely to whet its appetite further rather than reduce it. This is essentially a diversification into a new but allied specialist engineering field to the three it is already in.

The arguments that Fodens produces to convince that it can compete in a market dominated by the large European producers such as Volvo, Mercedes Benz, and Fiat, is not an argument for its independence from RRM—as RRM needs the same arguments to convince it can make a success of a combined group.

Either Fodens is right and its niche in specialist manufacture is realistic or it will die either with RRM or without it. The scope for rationalization through RRM's 17 per cent holding in Gardner, may be there but no votes should be cast because of it.

This bid will be decided on price and income, and RRM has perhaps more scope to raise its offer, given Fodens's performance, than it thought it had.

As the International oil companies and the oil importing countries of the West have learned from hard and often bitter experience, there is never a time when the world oil market is quiet and stable.

After 6½ months, an end is in sight to the two-tiered pricing system but this temporary difficulty may be immediately replaced by another and potentially far more serious problem—reimposition of limits on oil production in Saudi Arabia.

As the weekend Saudi Arabia and the United Arab Emirates (UAE) announced they were prepared to increase their oil prices by 5 per cent from July 1 when the other 11 members of Opec would follow a planned 5 per cent rise. This would bring all Opec prices into line at 10 per cent above last December's levels.

For consumers this kind of rise would have very little effect on the market price of oil products but a limit on Saudi Arabian oil production could have very serious consequences.

So far there has been no official word from the Saudi Government that a reimposition of the 8.5 million barrels a day ceiling on production is being considered.

But sources within Opec are hinting at the possibility that a new maximum output level of 9.5 million barrels a day might be established and already the four oil company partners in the Arabian American Oil Company (Aramco), which is responsible

for nearly all Saudi production, are studying the repercussions of a decline in output.

Last December, Saudi Arabia and the United Arab Emirates had split the ministerial meeting of Opec over prices. Sheikh Ahmed Zaki Yamani, the Saudi oil minister, called a hasty press conference and announced that cheaper Saudi oil would be accompanied by an end to the 8.5 million barrels a day limit on output.

On paper, Aramco had the ability to increase production very rapidly to over 11.5 million barrels a day, action that if implemented could have disrupted the oil markets and forced the other 11 members of the organization that had agreed to increase output by 10 per cent, to fall back in to line with the Saudis.

In the event, the threat to other Opec members from a flood of cheap Saudi oil never materialized. Aramco's output has since been capped at 10 million barrels a day mark.

Engineering, which will be only three months old when new existence on July 1.

The company was established by Rab Butler (not the former Tory Cabinet minister) with £100,000 of his own and a similar sum from the Scottish Development Agency, and it acquired the old depot facilities of Alexander Stephens on the upper Clyde.

Butler says that ship repairing does have a profitable future, and is confident that by the end of the first 12 months his company will be "washing its face" financially.

He negotiated a unique agreement with the Confederation of Shipbuilding and Engineering Unions. They have given him and his company a two-year strike-free guarantee in return for a pledge to maintain a basic permanent workforce (now about 60) each receiving £50 a week whether there is work in the yard or not.

Butler has spent a lifetime in the industry, latterly in Singapore and formerly with the state-owned Govan Shipbuilders. His most difficult task, he says, is persuading owners that the new company's prices will be competitive and that delivery dates will be met.

Wonder if Barclays did the right thing in changing the name of their credit card from Barclaycard to Visa? The word Barclaycard, I note, appears in my 1976 Chambers dictionary, even though there is full entry for "credit card" elsewhere. They'll be lucky to have "Visa" added to the existing visa entry.

One ship repairing firm that will stay outside British Shipbuilders when the industry is nationalized is Clyde Dock

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David Blake examines the West's slow and painful recovery from recession

Western economies going nowhere very fast

Almost exactly a year ago, the 24 most important industrial nations in the West met in Paris and endorsed what was designed to be a common strategy to guide them out of the economic crisis which had threatened to engulf them all.

During the 12 months since that strategy has been frequently discussed and endorsed. Little more than a week ago it was endorsed yet again by a panel of eminent economists who said that its target, of achieving something like 5½ per cent growth over the five years to 1980 was indeed feasible.

On Thursday of this week the same 24 nations, all members of the Organization for Economic Cooperation and Development, will meet again in Paris. With almost half of the per cent covered by the "medium-term strategy" now over, how well is the West shaping up to the task which it set itself? How well is it likely to do in the coming years? And do we need to look again at the route we are following?

The answers to those questions are: not very well, a little bit worse, and probably—but it's hard to see what we should do instead.

For, technically feasible or not, it is becoming clear that there is no real chance that the western nations will be able to follow the path which they charted for themselves.

We have already had growth in 1976 well below the level set as the average for the five-year period as a whole, at 3½ per cent instead of around 5½ per cent.

In 1977 there seems to be a general agreement that growth will be around 4 per cent; and although the forecasts for 1978 are still at a formative stage, the first indications are that growth next year will be slower than this.

This is not a collapse of the sort which we saw in 1974 and 1975; but it does imply that the western countries will, with the possible exception of

America, experience slowly rising unemployment for as far ahead as we can see. More disturbingly, the longer this slow growth goes on the harder it will be to achieve an upturn. For the long years of stagnation are having their effect on investment, making it even harder to get growth in later years.

What we are seeing in the West is a "growth recession". An ugly term for a not particularly pleasant phenomenon. Output is rising, and may be expected to go on doing so, but as a slow rate that would be required to bring down unemployment, given the rate of expansion of productivity and of the labour force.

If we were looking at the western economies 10 years hence such a development might have seemed quite normal at a time when inflation was running at over 8 per cent and rising. We have all learned of the dangers of worrying too much about a percentage point here or a half per cent there on the rate of growth and the "fine-tuning" which follows.

Worries against trying to smooth out the path of recovery too much are frequently made at the moment by those in countries such as Germany which have come under most pressure to reflate their domestic economies to give a boost to domestic demand. The key difference, though, between discussion and fine-tuning at such times and now is the extent of unused capacity of all kinds in the western economies, with nearly 16 million unemployed.

The avowed aim of the western nations is to move towards something closer to full employment without triggering off a renewal of the rapid inflation which was apparent in 1973 after some years of excessive stimulation of demand.

It is to achieve this recovery that the medium-term strategy was originally worked out. It was a pledge to fulfil their role in the "Big Three", which was stated to be the great

economic achievement of the recent London summit.

Yet there is indisputable evidence that the targets set under that strategy are not being met. They are likely to be during the next few years. The motives of western expansion just do not seem able or willing to get up steam. It is not just these countries, however, which are not meeting the targets which were originally set them as part of the strategy for growth.

The weaker countries with their higher inflation and greater problems with their balance of payments had to scale down their growth ambitions earlier in the year. So strong and weak alike, either through negligence or design, seem likely to undershoot the rate of growth they would have to achieve if they were serious about the policy.

promise and performance, the western nations have only two serious options, neither of which they seem willing to take. One would be to accept the need to allow growth to

remain slow for many years to come and learn to live with it. This is broadly speaking the approach advocated by the Bank for International Settlements in Basle. Its annual report is clear in what it thinks has gone wrong and on the need to give the fight against inflation top priority.

If inflationary expectations are seen as the major constraint on a return to higher rates of growth this would in the longer run lead to faster expansion as well; but that is not at the centre of the case. At the heart of the position of those urging caution is that inflation has got out of control once in the past decade and could easily do so again.

Thus the most important peril from which the western economies need to be protected is an attempt to expand too fast over the short-term by throwing away the disciplines which have been imposed in recent years.

Such a policy would mean accepting a high level of unemployment for many years to come, and would probably

also involve accepting the risk that the present slow growth could go even slower, though it would not necessarily do so.

It essentially involves saying that there is very little that can be done to make the western economies perform better over the next few years. Governments would then have to focus their attention as they were prepared to give the unemployment problem on measures for making it more tolerable and for sharing out work in some form.

There are some signs that a number of governments are already beginning to think along something like these lines.

The other option which governments have to make a real effort to carry through the policy which they are supposed to accept. Such action seems very unlikely actually to be taken. It would require, in the first place, a degree of co-operation which has so far been strikingly lacking and a consensus on issues which have been glossed over to date.

At the summit level there has been much talk of the need to work together; at the practical level the gap between those who believe in more expansion and those who want to hold down growth for fear of inflation has never been bridged. Nor indeed is it realistic to expect that it would be.

It may make sense to say that some countries such as Germany and Japan should concentrate on growth and that others should go on fighting inflation; but such a policy is almost certainly too complex to work.

It is now too late for the West to hope to get back on its path for growth to 1980 even if it wanted to. The best that those who favour such a course can hope for is to limit the extent to which they fall behind. Instead, they seem determined to spend their time preoccupied with everything that is not going as planned.

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DISCOMFORT INDEX - SEVEN MAJOR COUNTRIES*

Year	Unemployment rate (%) (1)	Increase in consumer prices (%) (2)	Discomfort index (1) + (2)
1959	3.8	1.2	5.0
1960	3.4	1.7	5.1
1961	3.6	1.8	5.2
1962	3.1	2.1	5.2
1963	3.2	2.3	5.5
1964	2.9	2.0	4.9
1965	2.7	2.8	5.3
1966	2.5	3.2	5.7
1967	2.6	2.8	5.6
1968	2.7	4.0	6.7
1969	2.8	4.0	7.5
1970	3.1	5.6	8.7
1971	3.7	5.0	8.7
1972	3.7	4.4	8.1
1973	3.2	7.7	10.9
1974	3.7	11.4	17.1
1975	5.4	11.1	16.5
1976	5.3	8.3	13.4

*Taken from "A Growth Scenario to 1980", OECD Economic Outlook, Number 19, July 1976.

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promise and performance, the western nations have only two serious options, neither of which they seem willing to take. One would be to accept the need to allow growth to

remain slow for many years to come and learn to live with it. This is broadly speaking the approach advocated by the Bank for International Settlements in Basle. Its annual report is clear in what it thinks has gone wrong and on the need to give the fight against inflation top priority.

If inflationary expectations are seen as the major constraint on a return to higher rates of growth this would in the longer run lead to faster expansion as well; but that is not at the centre of the case. At the heart of the position of those urging caution is that inflation has got out of control once in the past decade and could easily do so again.

Thus the most important peril from which the western economies need to be protected is an attempt to expand too fast over the short-term by throwing away the disciplines which have been imposed in recent years.

Such a policy would mean accepting a high level of unemployment for many years to come, and would probably

also involve accepting the risk that the present slow growth could go even slower, though it would not necessarily do so.

It essentially involves saying that there is very little that can be done to make the western economies perform better over the next few years. Governments would then have to focus their attention as they were prepared to give the unemployment problem on measures for making it more tolerable and for sharing out work in some form.

There are some signs that a number of governments are already beginning to think along something like these lines.

Roger Vielvoye

Pouring oil on Opec's troubles

The prospect of the Saudis being able to control the amount of oil available on world markets to emphasize their strength with Opec, continues to cause concern among members.

for nearly all Saudi production, are studying the repercussions of a decline in output.

Last December, Saudi Arabia and the United Arab Emirates had split the ministerial meeting of Opec over prices. Sheikh Ahmed Zaki Yamani, the Saudi oil minister, called a hasty press conference and announced that cheaper Saudi oil would be accompanied by an end to the 8.5 million barrels a day limit on output.

On paper, Aramco had the ability to increase production very rapidly to over 11.5 million barrels a day, action that if implemented could have disrupted the oil markets and forced the other 11 members of the organization that had agreed to increase output by 10 per cent, to fall back in to line with the Saudis.

In the event, the threat to other Opec members from a flood of cheap Saudi oil never materialized. Aramco's output has since been capped at 10 million barrels a day mark.

Engineering, which will be only three months old when new existence on July 1.

The company was established by Rab Butler (not the former Tory Cabinet minister) with £100,000 of his own and a similar sum from the Scottish Development Agency, and it acquired the old depot facilities of Alexander Stephens on the upper Clyde.

Butler says that ship repairing does have a profitable future, and is confident that by the end of the first 12 months his company will be "washing its face" financially.

He negotiated a unique agreement with the Confederation of Shipbuilding and Engineering Unions. They have given him and his company a two-year strike-free guarantee in return for a pledge to maintain a basic permanent workforce (now about 60) each receiving £50 a week whether there is work in the yard or not.

Butler has spent a lifetime in the industry, latterly in Singapore and formerly with the state-owned Govan Shipbuilders. His most difficult task, he says, is persuading owners that the new company's prices will be competitive and that delivery dates will be met.

Wonder if Barclays did the right thing in changing the name of their credit card from Barclaycard to Visa? The word Barclaycard, I note, appears in my 1976 Chambers dictionary, even though there is full entry for "credit card" elsewhere. They'll be lucky to have "Visa" added to the existing visa entry.

One ship repairing firm that will stay outside British Shipbuilders when the industry is nationalized is Clyde Dock

Engineering, which will be only three months old when new existence on July 1.

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Business Diary: Price Commission's Williams • Blyth spirit

It's easy enough to find in the City who, for some time, has been the early favourite for the Labour seat in the City of London, Charles Williams.

Williams, a man with industrial experience, was the early favourite for the Labour seat in the City of London, Charles Williams.

Williams, a man with industrial experience, was the early favourite for the Labour seat in the City of London, Charles Williams.

FINANCIAL NEWS AND MARKET REPORTS

Stock markets
Prices rally from early losses

Still worried by political and economic doubts and ahead of this week's BP shares, most prices fell to reverse early losses. FT index, 1.7 off at 445.2. Dedicars said as little or no demand for shares were the market.

felt that the market artificial lack ahead of sale and look to see a true indication of performance.

estimates of Tesco's profits, due tomorrow, seen £20m and £35m, 25.1m. Most prefer to see them. They point out that had been going really well would not have been. Watchers will see another six months at the true cost of the advertising campaign, to be considerable. The are a firm 37p.

do not expect to be covering with the new negotiations and arguments' precarious seen as the main drag on.

was also a subdued performance. In this short dates fell by ranging between one and one-quarter of a longer end, losses between one-quarter and one-half.

estimates of the industrial leaders, a thin market brought 15p to 33p for Pilkington. Strong support was found in ICI 5p to 53p and Unilever 44p.

of results due later in which are generally to be bullish, John see 7p to 21p. Elsewhere, Vickers put up performance was to 17p, while Simon

In oil, BP, the most active share of the day, ended 6p up at 904p. Shell were just 2p higher at 546p.

Two food shares to gain ground were Reckitt & Colman, up 5p to 445p, and T. Babbly, the old speculative favourite, which ended a couple of points better at 134p. Commodity group, Gill & Duffus lost 3p to 205p.

In the financial sector, Barclays led the way up in the clearing banks with a rise of 8p to 268p, while Kesteven, Ulman gained 2p to 35p after full-year figures. Another with figures due soon is Standard Chartered but there was little reaction at 308p.

Both Hammerson "A" 2p to 443p and Samuel Properties 2p to 79p lost ground after Standard Life denied any intention of bidding for either.

With figures due, Bradford held steady at 135p, while Gullbush managed a penny gain to 62p.

Motor component-maker, Jonas Woodhead continued to gain strength from last week's figures, gaining another 12p to 154p while the chairman's statement added 5p to 138p at Der-

by Nicholas Hirst

Dawson International, the knitwear and cashmere fibres group, more than trebled its pre-tax profits from £29m to £104m in the year to March 31, with £54.3m earned in the second half.

On past performance the three year growth to peak profits will result in a slide to nothing. But this time Dawson's profits look to have been moving ahead earlier in the cycle on the back of a fall in the pound and demand from overseas visitors in the United Kingdom.

A sharp improvement in margins from 7.7 per cent at the pre-interest level to 14.8 per cent came with sharply improved sales-up from £43.8m to £67.3m.

With direct exports and overseas sales accounting for 33 per cent of turnover, stabilizing of the pound, despite increasing demand, will have slowed down the margin improvement but the group is now looking to capital investment to improve productivity and increase production.

At £4.5m, capital spending this year is the largest ever. It compares with a depreciation charge of only £1.1m and fixed assets of £6.7m and amounts to as much as has been spent over the previous four years.

Dawson Int
takes off
as margins
improve

By Nicholas Hirst

Dawson International, the knitwear and cashmere fibres group, more than trebled its pre-tax profits from £29m to £104m in the year to March 31, with £54.3m earned in the second half.

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Tricentral starts in
fine style thanks to N
America gas and oil

By Ashley Druker

Coming back in fine style in the final quarter of 1976 after four years of declining profits, Tricentral maintained the pace in the first quarter of 1977. In the three months to March 31, thanks chiefly to the exploration and production division in North America, pre-tax profits soared almost fourfold from £282,000 to £1,038,000. Turnover in the period improved from £159,500 to £220,000. Attributable earnings moved from £190,000 to £645,000.

In North America gas and oil sales for the quarter reflect increases in production and crude oil and natural gas prices. Profits leapt from £34,000 to £116,000 turnover increased from £808,000 to £2,188,000. Profits take in the full effect of "small producer" status granted by the United States Federal Power Commission in February. This allowed a price increase of 130 per cent on certain natural gas production. The increase in the nationwide gas price remains under appeal by consumer groups. Should the appeal succeed the estimated maximum reduction in pre-tax profits per the quarter would be about £141,000.



Mr. Joseph Godber, chairman of Tricentral.

Form is on schedule and first drilling is planned for September next. Production should start up in the final quarter of the current year.

Overall, the European commercial division continued to show considerable improvement. Hardware and garden supplies however were the exception. Here, reorganization for expansion added to overheads. The poor weather in the early part of the year also depressed sales of garden products. Manufacture of spray guns in Australia and paper products in Malaysia continue to be profitable. Strong efforts are being made to earn a reasonable return on the group's investment in these areas.

US loss
fails to
hold back
J. H. Fenner

By Our Financial Staff

Hull-based power-transmission equipment group J. H. Fenner did not fare too badly in the half-year to February 26. On turnover 29.3 per cent higher at £35.12m pre-tax profits rose by less than half that—14.1 per cent—to £3.28m. But this is creditable in view of the problems it had in the half-year and considering that record pre-tax profits of £7m were achieved in 1975-76.

The board explains that in the United States, the group is faced with continuing problems of demand in the depressed coal-mining industry and a "fierce" competition for the low volume of business available.

As a result, the group sustained a substantial loss on operations there in the half-year and the board does not expect an early change. However, President Carter's energy policy should improve the longer-term outlook.

Latest results

Company	Sales	Profits	Earnings	Div	Pay	Year's
Int or Fin	£m	£m	per share	pence	date	total
Bechtel (F)	7,217.6	0.4(0.58)	5.3(3.9)	1.3(1.76)	—	1.8(1.56)
Bell & Stone (F)	2,732.3	0.15(0.18)	—	1.3(1.01)	2/7	4.3(3.8)
Chamberlain (F)	45.8(35.3)	—	5.9(5.1)	1.4(1.29)	10/8	10.2(9.74)
Dawson Int (F)	67.2(43.8)	10.4(2.8)	25.1(7.0)	1.98(1.98)	2/8	3.3(3.03)
J. H. Fenner (I)	35.1(27.1)	3.2(2.8)	5.7(5.3)	2.75(2.5)	5/8	—
RAA Group (I)	4.4(4.3)	0.07(0.4)	—	—	—	—
St. North (I)	7.9(8.9)	1.5(1.3)	—	1.15(1.08)	17/8	—
Reckitt & Colman (F)	5.9(4.8)	0.42(0.18)	—	2.94(2.1)	15/8	3.8(3.47)
Williamson (F)	8.9(8.1)	0.02(0.33)	—	0.5(1.10)	2/7	1.5(2.05)
Wm Reed (F)	9.3(4.1)	0.02(0.33)	—	2.77(1.68)	11/8	9.0(2.88)
Seaford, G. (I)	8.1(5.07)	0.26(0.19)	—	0.6(0.65)	—	4.1(4.0)
Seaford Int (F)	4.1(3.8)	0.26(0.13)	1.85(1.02)	0.3(0.5)	1/8	0.7(0.5)
Wm Reed (F)	22.0(15.9)	0.043(0.020)	1.34(0.89)	0.5(0.46)	—	0.51(0.46)
Tricentral (F)	2.0(1.5)	1.05(0.28)	—	2.74(2.49)	5/8	4.1(3.8)
Walker & Smith (F)	2.0(1.5)	0.20(0.14)	4.22(2.6)	2.0(1.5)	2/8	1.1(0.8)
Whitehall (F)	5.5(4.8)	5.0(3.0)	44.3(18.0)	50.5(34.5)	5/8	1.1(0.8)
Wolfe Steam (F)	—	0.007(0.02)	—	—	—	—

Dividends in this table are shown net of tax on pound per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.54. Profits are shown pre-tax, and earnings are net. Loss: + For three months. + Corrected line.

BENDIX INTERNATIONAL FINANCE CORPORATION

8% Guaranteed Debentures Due 1979

OFFICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of July 3, 1977, providing for the above Debentures, \$1,500,000 principal amount of said Debentures bearing the wing serial numbers have been selected for redemption on July 15, 1977, through operation of Sinking Fund, at the redemption price of 100% of the principal amount, together with interest and unpaid interest thereon to said date.

DEBENTURES OF \$100 EACH	
Serial No.	Serial No.
1001	1002
1003	1004
1005	1006
1007	1008
1009	1010
1011	1012
1013	1014
1015	1016
1017	1018
1019	1020
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1099	1100
1101	1102
1103	1104
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1185	1186
1187	1188
1189	1190
1191	1192
1193	1194
1195	1196
1197	1198
1199	1200

June 9, 1977

Flowing Debentures previously called for redemption have not as yet been presented for payment:

NOTICE															
Nowing Delinquents previously called for redemption have not as yet been presented for payment:															
2668	3313	4678	5515	7209	8564	9145	9345	10160	11080	12194	12428	12621	12778	13264	14572
2679	3344	4703	5540	7234	8589	9170	9370	10185	11105	12219	12453	12646	12803	13289	14583
2692	3367	4726	5563	7257	8612	9193	9393	10208	11128	12242	12476	12669	12826	13312	14594
2705	3390	4749	5586	7280	8635	9216	9416	10231	11151	12265	12499	12692	12849	13335	14605
2718	3413	4772	5609	7303	8658	9239	9439	10254	11174	12288	12522	12715	12872	13358	14616
2731	3436	4795	5632	7326	8681	9262	9462	10277	11197	12311	12545	12738	12895	13381	14627
2744	3459	4818	5655	7349	8704	9285	9485	10300	11220	12334	12568	12761	12918	13404	14638
2757	3482	4841	5678	7372	8727	9308	9508	10323	11243	12357	12591	12784	12941	13427	14649
2770	3505	4864	5701	7395	8750	9331	9531	10346	11266	12380	12614	12807	12964	13450	14660
2783	3528	4887	5724	7418	8773	9354	9554	10369	11289	12403	12637	12830	12987	13473	14671
2796	3551	4910	5747	7441	8796	9377	9577	10392	11312	12426	12660	12853	13010	13496	14682
2809	3574	4933	5770	7464	8819	9400	9600	10415	11335	12449	12683	12876	13033	13519	14693
2822	3597	4956	5793	7487	8842	9423	9623	10438	11358	12472	12706	12899	13056	13542	14704
2835	3620	4979	5816	7510	8865	9446	9646	10461	11381	12495	12729	12922	13079	13565	14715
2848	3643	5002	5839	7533	8888	9469	9669	10484	11404	12518	12752	12945	13102	13588	14726
2861	3666	5025	5862	7556	8911	9492	9692	10507	11427	12541	12775	12968	13125	13611	14737
2874	3689	5048	5885	7579	8934	9515	9715	10530	11450	12564	12798	12991	13148	13634	14748
2887	3712	5071	5908	7602	8957	9538	9738	10553	11473	12587	12821	13014	13171	13657	14759
2900	3735	5094	5931	7625	8980	9561	9761	10576	11496	12610	12844	13037	13194	13680	14770
2913	3758	5117	5954	7648	9003	9584	9784	10599	11519	12633	12867	13060	13217	13703	14781
2926	3781	5140	5977	7671	9026	9607	9807	10622	11542	12656	12890	13083	13240	13726	14792
2939	3804	5163	6000	7694	9049	9630	9830	10645	11565	12679	12913	13106	13263	13749	14803
2952	3827	5186	6023	7717	9072	9653	9853	10668	11588	12702	12936	13129	13286	13772	14814
2965	3850	5209	6046	7740	9095	9676	9876	10691	11611	12725	12959	13152	13309	13795	14825
2978	3873	5232	6069	7763	9118	9699	9899	10714	11634	12748	12982	13175	13332	13818	14836
2991	3896	5255	6092	7786	9141	9722	9922	10737	11657	12771	13005	13198	13355	13841	14847
3004	3919	5278	6115	7809	9164	9745	9945	10760	11680	12794	13028	13221	13378	13864	14858
3017	3942	5301	6138	7832	9187	9768	9968	10783	11703	12817	13051	13244	13401	13887	14869
3030	3965	5324	6161	7855	9210	9791	9991	10806	11726	12840	13074	13267	13424	13910	14880
3043	3988	5347	6184	7878	9233	9814	10014	10829	11749	12863	13097	13290	13447	13933	14891
3056	4011	5370	6207	7901	9256	9837	10037	10852	11772	12886	13120	13313	13470	13956	14902
3069	4034	5393	6230	7924	9279	9860	10060	10875	11795	12909	13143	13336	13493	13979	14913
3082	4057	5416	6253	7947	9302	9883	10083	10898	11818	12932	13166	13359	13516	14002	14924
3095	4080	5439	6276	7970	9325	9906	10106	10921	11841	12955	13189	13382	13539	14025	14935
3108	4103	5462	6299	7993	9348	9929	10129	10944	11864	12978	13212	13405	13562	14048	14946
3121	4126	5485	6322	8016	9371	9952	10152	10967	11887	13001	13235	13428	13585	14071	14957
3134	4149	5508	6345	8039	9394	9975	10175	10990	11910	13024	13258	13451	13608	14094	14968
3147	4172	5531	6368	8062	9417	9998	10198	11013	11933	13047	13281	13474	13631	14117	14979
3160	4195	5554	6391	8085	9440	10021	10221	11036	11956	13070	13304	13497	13654	14140	14990
3173	4218	5577	6414	8108	9463	10044	10244	11059	11979	13093	13327	13520	13677	14163	15001
3186	4241	5600	6437	8131	9486	10067	10267	11082	12002	13116	13350	13543	13700	14186	15012
3199	4264	5623	6460	8154	9509	10090	10290	11105	12025	13139	13373	13566	13723	14209	15023
3212	4287	5646	6483	8177	9532	10113	10313	11128	12048	13162	13396	13589	13746	14232	15034
3225	4310	5669	6506	8200	9555	10136	10336	11151	12071	13185	13419	13612	13769	14255	15045
3238	4333	5692	6529	8223	9578	10159	10359	11174	12094	13208	13442	13635	13792	14278	15056
3251	4356	5715	6552	8246	9601	10182	10382	11197	12117	13231	13465	13658	13815	14301	15067
3264	4379	5738	6575	8269	9624	10205	10405	11220	12140	13254	13488	13681	13838	14324	15078
3277	4402	5761	6598	8292	9647	10228	10428	11243	12163	13277	13511	13704	13861	14347	15089
3290	4425	5784	6621	8315	9670	10251	10451	11266	12186	13300	13534	13727	13884	14370	15100
3303	4448	5807	6644	8338	9693	10274	10474	11289	12209	13323	13557	13750	13907	14393	15111
3316	4471	5830	6667	8361	9716	10297	10497	11312	12232	13346	13580	13773	13930	14416	15122
3329	4494	5853	6690	8384	9739	10320	10520	11335	12255	13369	13603	13796	13953	14439	15133
3342	4517	5876	6713	8407	9762	10343	10543	11358	12278	13392	13626	13819	13976	14462	15144
3355	4540	5899	6736	8430	9785	10366	10566	11381	12301	13415	13649	13842	14000	14485	15155
3368	4563	5922	6759	8453	9808	10389	10589	11404	12324	13438	13672	13865	14023	14508	15166
3381	4586	5945	6782	8476	9831	10412	10612	11427	12347	13461	13695	13888	14046	14531	15177
3394	4609	5968	6805	8499	9854	10435	10635	11450	12370	13484	13718	13911	14069	14554	15188
3407	4632	5991	6828	8522	9877	10458	10658	11473	12393	13507	13741	13934	14092	14577	15199
3420	4655	6014	6851	8545	9900	10481	10681	11496	12416	13530	13764	13957	14115	14600	15210
3433	4678	6037	6874	8568	9923	10504	10704	11519	12439	13553	13787	13980	14138	14623	15221
3446	4701	6060	6897	8591	9946	10527	10727	11542	12462	13576	13810	14003	14161	14646	15232
3459	4724	6083	6920	8614	9969	10550	10750	11565	12485	13599	13833	14026	14184	14669	15243
3472	4747	6106	6943	8637	9992	10573	10773	11588	12508	13622	13856	14049	14207	14692	15254
3485	4770	6129	6966	8660	10015	10596	10796	11611	12531	13645	13879	14072	14230	14715	15265
3498	4793	6152	6989	8683	10038	10619	10819	11634	12554	13668	13902	14095	14253	14738	15276
3511	4816	6175	7012	8706	10061	10642	10842	11657	12577	13691	13925	14118	14276	14761	15287
3524	4839	6198	7035	8729	10084	10665	10865	11680	12600	13714	13948	14141	14299	14784	15298
3537	4862	6221	7058	8752	10107	10688	10888	11703	12623	13737	13971	14164	14322	14807	15309
3550	4885	6244	7081	8775	10130	10711	10911	11726	12646	13760	13994	14187	14345	14830	15320
3563	4908	6267	7104	8798	10153	10734	10934	11749	12669	13783	14017	14210	14368	14853	15331
3576	4931	6290	7127	8821	10176	10757	10957	11772	12692	13806	14040	14233	14391	14876	15342
3589	4954	6313	7150	8844	10199	10780	10980	11795	12715	13829	14063	14256	14414	14899	15353
3602	4977	6336	7173	8867	10222	10803	11003	11818	12738	13852	14086	14279	14437	14922	15364
3615	5000	6359	7196	8890	10245	10826	11026	11841	12761	13875	14109	14302	14460	14945	15375
3628	5023	6382	7219	8913	10268	10849	11049	11864	12784	13898	14132	14325	14483	14968	15386
3641	5046	6405	7242	8936	10291	10872	11072	11887	12807	13921	14155	14348	14506	14991	15397
3654	5069	6428	7265	8959	10314	10895	11095	11910	12830	13944	14178	14371	14529	15014	15408
3667	5092	6451	7288	8982	10337	10918	11118	11933	12853	13967	14201	14394	14552	15037	15419
3680	5115	6474	7311	9005	10360	10941</									

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MARKET REPORTS

Commodities

SUGAR futures were quiet. The London market for white sugar was steady at 11.75 per cwt. The New York market for white sugar was steady at 11.75 per cwt. The London market for brown sugar was steady at 11.75 per cwt. The New York market for brown sugar was steady at 11.75 per cwt.

Foreign Exchange

The dollar edged higher against some major European currencies in the London foreign exchange market. The pound sterling was up 0.5 pence to 2.46 pence per dollar. The Swiss franc was up 0.05 francs to 1.48 francs per dollar. The German mark was up 0.005 marks to 2.36 marks per dollar.

Discount Market

It proved to be a very dull day for the money markets. The discount market was quiet. The discount rate for 90-day bills was 10 per cent. The discount rate for 180-day bills was 11 per cent. The discount rate for 360-day bills was 12 per cent.

Wall Street

New York, June 20.—Stock prices were mostly higher and trading at the New York Stock Exchange on favourable economic news. The Dow Jones Industrial Average was up 1.52 to 924.77. The New York Stock Exchange volume was 1,150,000 shares, compared with 1,250,000 on Friday.

Table with multiple columns showing stock prices for various companies including Ford, General Motors, and others.

Table titled 'Eurobond prices (midday indicators)' showing prices for various Eurobonds.

Table titled 'Spot Position of Sterling' showing the spot position of the pound sterling.

Table titled 'Forward Levels' showing forward levels for various currencies.

Table titled 'Recent Issues' showing recent issues of various securities.

Table titled 'Canada Prices' showing prices for various Canadian commodities.

Country & New Town

Country & New Town Properties has emerged in good condition "from the most difficult year in its history", says Mr. G. M. Newbery, chairman. It was a period of severe reorganisation at home during which C & NT eliminated most of its immediate problems and reduced its home short-term debts. However, C & NT improved its position in the United States and Canada, while in Europe there has been some consolidation with a "very worthwhile" expansion of activity in France. At home, it was at "the crossroads".

Table titled 'Authorized Units, Insurance & Offshore Funds' showing details of various funds.

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A G CROSSLAND LIMITED

Results in brief 1976 1975

Turnover	4,098,470	3,450,871
Profit Before Tax	533,644	452,522
Dividends Paid	98,400	89,464
Dividends per share	3.18p	2.65p

The results and continued progress of the Company reflect a commendable achievement under difficult conditions.

The benefits of the recent and current capital expenditure on plant and buildings should be felt in the future and look forward to another satisfactory year.

P. W. Reynolds, Chairman.

Table titled 'Authorized Units, Insurance & Offshore Funds' showing details of various funds.

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Stock Exchange Prices

Quiet start to the week

ACCOUNT DAYS: Dealings began, June 13. Dealings end, June 24. Contango Day, June 27. Settlement Day, July 5

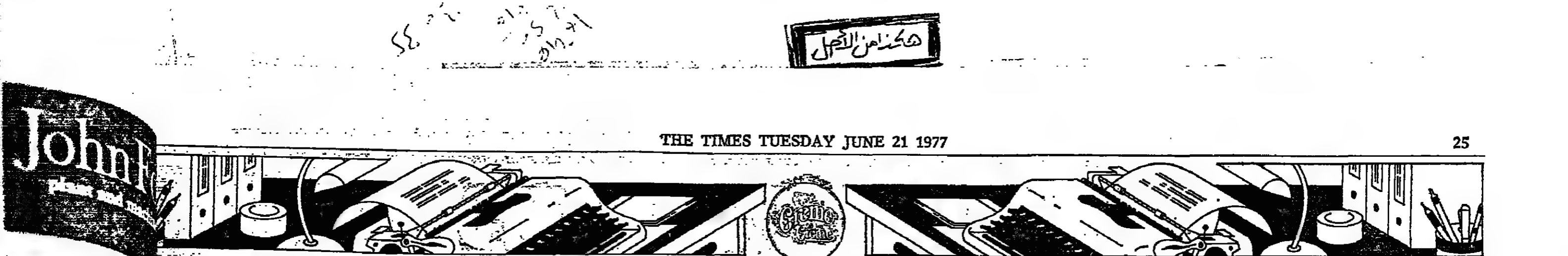
Forward bargains are permitted on two previous days.

John Bore
plant and machinery valuers

Stepping

MONSTRAT

BRITISH FUNDS			COMMONWEALTH AND FOREIGN			LOCAL AUTHORITIES			FOREIGN STOCKS			DOLLAR STOCKS			BANKS AND DISCOUNTS			BREWERS AND DISTILLERIES			COMMERCIAL AND INDUSTRIAL			INSURANCE			INVESTMENT TRUSTS			PROPERTY			MISCELLANEOUS			SHIPPING			MINES			FINANCIAL TRUSTS																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Sto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Stepping Stones—Non-Secretarial—Secretarial—Temporary & Part Time Vacancies—

NON-SECRETARIAL

DEMONSTRATORS

and intelligent demonstrators are required to a most exclusive traditionally English societies. Applicants should have authority and the ability to present themselves. These qualities are more important than experience. We have found in the past that the best demonstrators are those who have reached the last stages of education and are confident, mature, and have a variety of administrative tasks, and the ability to manage relationships with people at all levels. In return we offer:

- * an excellent salary—competitive with Central London rates;
- * flexible working hours;
- * four weeks' annual leave;
- * subsidised staff restaurant.

For an application form please contact Mrs A. Hawes, Personnel Dept., BOC Limited, Great West House, Great West Road, Brentford, Middlesex. Tel: 01-899 5166.

MINISTRATIVE ASSISTANT

is usually related to the movement of pharmaceuticals and the various activities of the industry. Salary within the scale £3,131 to £3,571, depending on age, qualifications and experience. Hours: Monday to Friday. There is a superannuation and subsidised staff restaurant.

is 01-735 2141, ext. 333 for an application form or to discuss the position with the Personnel Officer, Educational Society of Great Britain, 1 Lambeth, London, S.E.1.

GREAT PROSPECTS

as an Alfred Marks Branch Manager/representative, you will have the opportunity to use your own initiative and powers of persuasion. You need to be over 23 with a good A-level and some commercial office experience. You can sell, so much the better. We're offering a good salary to go with your prospects.

For full details contact Mollie Routledge, ALFRED MARKS BUREAU, 17 Oxford Street, London, W.1. Tel: 01-437 7855.

STATIONERY

including a variety of stationery, printing, and office supplies. We are looking for a person who is experienced in the stationery trade and can handle a variety of accounts. Salary is negotiable.

For full details contact Mollie Routledge, ALFRED MARKS BUREAU, 17 Oxford Street, London, W.1. Tel: 01-437 7855.

MAN, £3,500

Advertising Sales Representative. We are looking for a person who is experienced in the advertising sales trade and can handle a variety of accounts. Salary is negotiable.

For full details contact Mollie Routledge, ALFRED MARKS BUREAU, 17 Oxford Street, London, W.1. Tel: 01-437 7855.

RECEPTIONIST

is a person who is responsible for the reception of visitors and the handling of incoming and outgoing calls. We are looking for a person who is experienced in the receptionist trade and can handle a variety of accounts. Salary is negotiable.

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SECRETARIAL

Secretary/PA

One of our Divisional General Managers urgently requires a super Secretary to assist him to maintain smooth running of this £50 million business. The successful applicant will be aged between 25 and 35 with previous experience at senior level. Other requirements are education to at least "O" level standard, fast, accurate shorthand/audio typing, the confidence to deal with own correspondence and undertake a variety of administrative tasks, and the ability to manage relationships with people at all levels. In return we offer:

- * an excellent salary—competitive with Central London rates;
- * flexible working hours;
- * four weeks' annual leave;
- * subsidised staff restaurant.

For an application form please contact Mrs A. Hawes, Personnel Dept., BOC Limited, Great West House, Great West Road, Brentford, Middlesex. Tel: 01-899 5166.

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is what you need for this senior secretarial post on the leading road transport journal.

COMMERCIAL MOTOR

As Secretary to the Advertisement Manager, you'll be expected to become an integral part of a small, but extremely professional team, where you will be expected to use your brain, as well as your secretarial skills.

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SECRETARIAL

INDEPENDENT BROADCASTING AUTHORITY

Senior Secretary

(MALE OR FEMALE)

We have a vacancy for a Senior Secretary to work for the Head of our Research Department at our Knightsbridge Headquarters. The duties of the post are of a general secretarial nature and are mainly concerned with correspondence related to television and radio research and educational broadcasting. In addition the Senior Secretary is required to organise secretarial duties for other members within the Department when required. Applicants should have a good educational background, shorthand/typing speeds of 120/50 w.p.m. and previous secretarial experience preferably at a senior level. The starting salary will be at least £3,270 per annum rising by annual increments to a maximum of £3,765 per annum. Conditions of working are excellent in a modern office block opposite Knightsbridge Underground Station and there is a staff restaurant on the premises. Please write to the Personnel Officer, Independent Broadcasting Authority, 70 Grosvenor Road, London SW1 3EX, giving brief details of your secretarial experience.

PRIVATE SECRETARY

required for interesting and varied work in friendly, busy office for Executive, who is involved in many projects including property, restaurants, film and investments.

Applicants should have fast typing speeds and initiative for the exciting variety of work offered. Holidays assured.

Phone R.M., at 01-629 9833

ARTISTIC TEMPERAMENT?

We are looking for a person who is experienced in the artistic trade and can handle a variety of accounts. Salary is negotiable.

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More appointments on page 7

20 pm. Cartoon.
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Special Report

FOCUS ON

UNITED ARAB EMIRATES

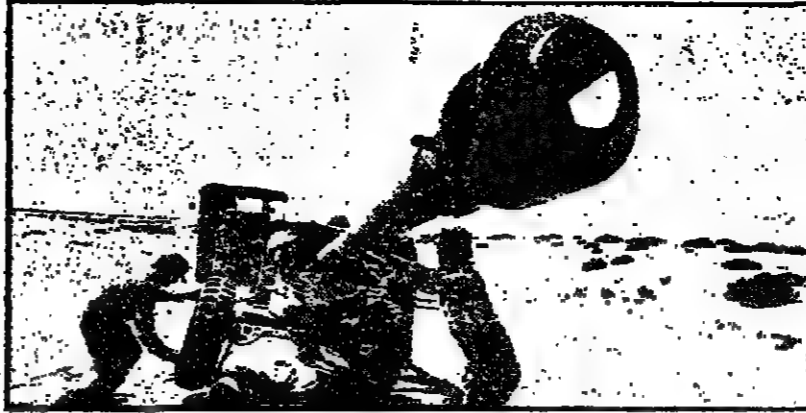
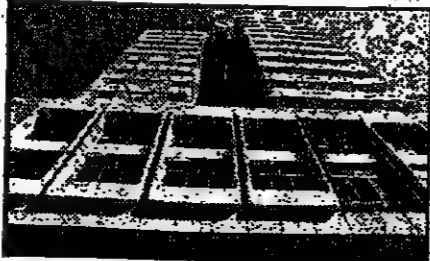
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Photographs by Graham Finlayson

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Shaikh's reelection brings a new normality

by Ann Fyfe

Zayed's five-year practice play no rôle in internal politics. During a border dispute between Dubai and Sharjah, Shaikh Zayed had tried to insist that this and all other disputes of its kind fell within the jurisdiction of the supreme federal court, set up to arbitrate in just such cases of disputes between the emirs themselves, but as yet untested. A solution, unpublished, was reached and the matter disappeared from the headlines.

The second issue, the failure of the emirates other than Abu Dhabi to contribute to the federal Budget, was in some respects the most crucial of all for the budget, to coin a phrase, costs money. To the public at large, immigration was one of the burning issues of the day and contradictory, often ineffective rules were in force in each of the emirates, which maintained their separate police, immigration, security and intelligence forces.

His reelection date approaching, Shaikh Zayed announced his resignation. There being no other conceivable candidate, his choice was not at first taken seriously. But as he remained adamant that he would no longer preside over a federation in so un-federated a condition, diplomats called upon to report on the prospects for the UAE without Shaikh Zayed, had difficulty in concealing that they had not

ned to normal, albeit a new month's budget, when the many Eurocurrency loans, contributions to the central budget was finally leaked. Also due to expire in December was the temporary constitution adopted on independence in 1971. Certain clauses in the successor document became the subject of lively debate and in the end could not be agreed upon.

As a result the constitution in force is the temporary charter extended for a further five years with certain crucial amendments reflecting the concessions of the emirates to the central authority, principally the merger of the Armed Forces.

While the merger had been of mostly symbolic interest in this most un-martial of societies, this document is historic in that it specifically removes from the individual emirs the right to levy troops or purchase arms, that text-book definition of sovereignty. But the disposal of each emirate's individual revenues has also become a partly federal decision since last

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There was worse to come for the merchant class, however, when the inconceivable happened and the authorities, determined to reduce consumption, interfered with natural market forces and imposed a credit squeeze. It would be difficult to exaggerate the upset this measure provoked, including two bank closures for a start, and the replacement of Mr Ron Scott, the Currency Board managing director.

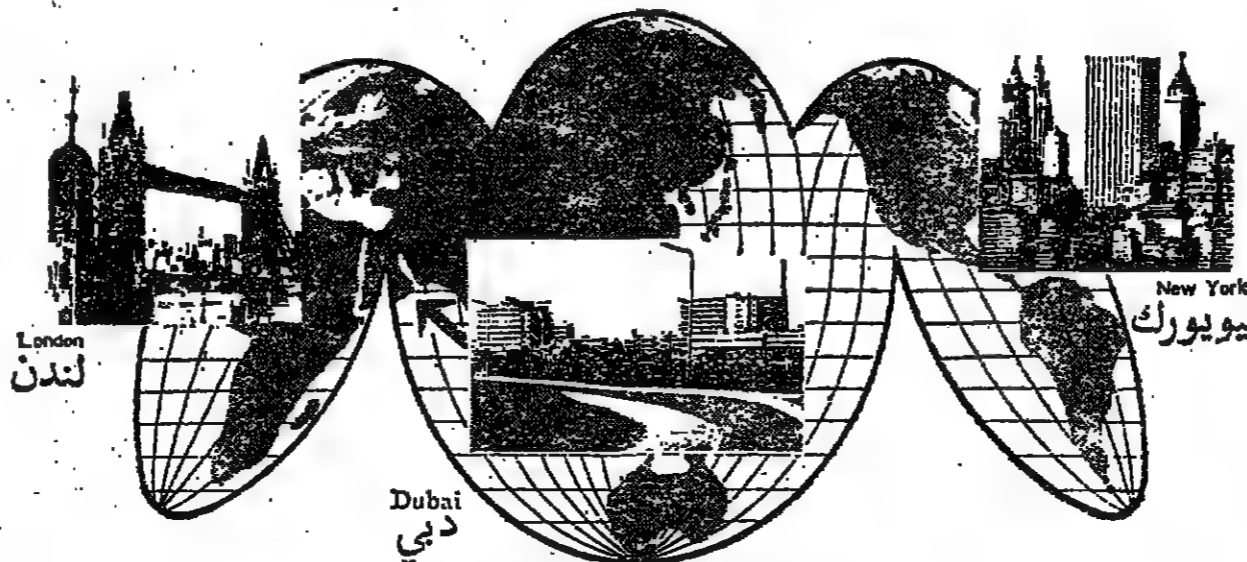
Two further, even tighter regulations were introduced, but rescinded a week later. Finally a Bank of England team arrived to see if it could help. But then the Ruler of Sharjah decreed a total rent freeze and less than a week ago the Ruler of Abu Dhabi froze the prices of all essential foodstuffs.

Will the UAE's first experience of recession reflect on its traditional tolerance of foreigners? Immigration, of course, is a perennial problem, but the campaign against foreign real estate companies, continued on next page

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لنا فعلاً بعدة إنجازات كبرى نعتز بها، فقد اكتمل جسر المكرم الثاني، وتوسعة وصيف السوق، وميناء الحميرية للصيد، وجسر الجرهود. ونحن منهيكون الآن بإنشاء شبكة واسعة من ملتقيات الطرق تشتمل على طرق مزدوجة إلى جسر وساطين، مقاطعين، يجري كل منها على طرفين منفصلين للسيارات من دبي إلى ضواحي البلدة، وكذلك طريق دائري يحيط بدبي.

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FOCUS ON History



Crumbling house in the old merchants' quarter of Dubai. Right: building dhows in Ajman.

150-year British tutelage began with reprisals against pirates

by Denis Taylor

On June 26, 1902, the rulers in what is now the United Arab Emirates marked the coronation of King Edward VII with a public holiday. In November the following year Lord Curzon, Viceroy of India, held a durbar of Sharjah.

These events are recorded by J. G. Lorimer in his exhaustively detailed Gazetteer of the Persian Gulf, Oman and Central Arabia. His history was published in Calcutta in 1905, and the author reflects the manner in which the British have seen the Gulf for most of modern times, that is in an Indian perspective.

The British now regard the Gulf as a great area of economic opportunity lying to the south-east of Europe. In the late eighteenth and early nineteenth centuries, the southern Arab side of the Gulf was looked on as a nest of pirates north-west of Bombay.

Lorimer presents what Arabs would see as a somewhat jingoistic picture of the problem. From the Arab viewpoint, the Qasimi of Ras al Khaymah were exercising their custom by levying tolls on shipping, and the consolidation of their position in the Gulf led to conflict with British power.

The British appear to have been fairly patient to begin with. An agreement designed to avert further strife was signed in 1806. The strength of the Ras al Khaymah fleet was considerable. In his *Ras al Khaymah—Flame in the Desert* (Namara Publ.

casions and Quarrel Books, 58.50), Michael Deakin says it was estimated in 1807 that it had 876 vessels carrying 19,000 seamen and soldiers.

British anger was aroused by such incidents as the loss of the *Minerva*, a merchantman whose crew were killed after capture. High indignation was aroused when the widow of one of the officers, a Mrs Taylor, was

ransomed. After a successful British expedition against Ras al Khaymah, an attempt was made to destroy piracy by denying the pirates shelter. But the Arabs were able to acquire the necessary materials to build new dhows.

Defences and vessels destroyed

Ras al Khaymah, Sharjah, Umm al Qaywayn and Ajman were all taken by the British in 1819 and 1820. Dubai, although more noted for pearls than pirates, also had its defences and a number of vessels destroyed.

This campaign effectively marks the start of 150 years of British tutelage. A series of treaties in 1820, 1835 and 1853, the last called a perpetual treaty of peace, bound the sheikhs to abandon piracy and plunder on the seas. The 1853 treaty virtually guaranteed peace offshore.

British official reports of maritime irregularities replaced those of piracy. But warfare continued intermittently inside Trucial Oman as the area became known.

Dubai owed its separate existence to a feud with Abu Dhabi, which had long

erly controlled it. A branch of the Bani Yas moved from Abu Dhabi to Dubai in 1833. The Bani Yas remained in Abu Dhabi refused to accept this defection and attacked Dubai, which was helped by the Qasimi of Sharjah.

Varying alliances involving the two tribes and three sheikhdoms continued into the twentieth century, and fighting has accompanied territorial disputes in the region in recent times.

When Dubai people fled across the creek to Deira from an epidemic in the nineteenth century, their allegiance went to another sheikh. Deira was not recaptured until a night raid from the Dubai side only 30 years ago.

When Qatar, Bahrain, and, for a time, Ras al Khaymah refused to join the proposed federation after the British declaration in 1968 its intent to withdraw from the Trucial States, history must have seemed vindicated.

It will take future historians to assess the significance of the seven sheikhdoms' union. But there is no need to wait before pronouncing that the economy has been transformed out of recognition.

Probably no place on earth has changed faster than Abu Dhabi, once a poor community of fishermen and nomadic Beduin, since the first oil came ashore in 1962. Dubai is more experienced in coping with new economic trends. Its merchants learnt to adapt to new markets when Japanese cultured pearls put an end

to the old pearl trade.

Shaikh's reelection brings a new normality

continued from preceding page

for the general public, now comes second only to prices as a contentious issue. UAE citizens comprise, it is estimated, about a fifth of the country's population and although this state of affairs is of grave concern to economists, remarkably little ill-feeling has erupted so far on either side. That is despite pressing social problems among the Asian community and occasional horrifying incidents like the drowning of several hundred people, including elderly immigrants and children, when an attempt to smuggle them ashore illegally in Fujairah was foiled during the winter.

A UAE visa can fetch Rs20,000 on the black market in Pakistan, where Rs100 a month is a good salary. But the UAE still has only a lacuna where it so urgently needs a population policy.

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My impression is that religious practice may have begun to revive among UAE nationals. The evidence, notably the extension of Shar'a law in Abu Dhabi, the continual opening of fresh Koran learning in institutes, renewed exhortations by the Head of State in his public speeches for abstinence from alcohol and other degeneracies and the interruption of colour television programmes in cosmopolitan Dubai for prayers, introduced in May, is tenuous in the extreme. But Ramadan too, was taken more seriously last year than the year before.

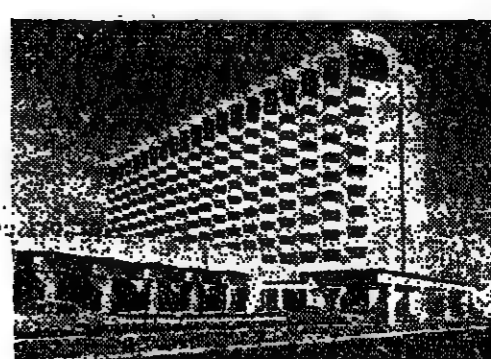
Not that any faction would do away with modern amenities and the improved standard of living, but a feeling is just discernible that the boutiques, nightclubs and projects for revolving restaurants may have reached the limit of what can comfortably be assimilated. A little nostalgia for a simpler life is in the air.

The UAE in mid-1977 is a very different place from the UAE in mid-1976. In most vital legal and political areas authority is greatly more centralized, the exception being long-term industrial policy, which is still largely uncoordinated. After the blow the big landlords and merchants are sustaining, we shall probably see an end to the more spectacular type of projects of the three years since 1974. A reassertion of the traditional caution, perhaps spilling over into a re-emergence of a certain natural puritanism, may be on the way in, or at least a rethinking of the made for all things Western.

to the old pearl trade.



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FOCUS ON

Al-Ain

Oasis where romance has given way to growth

Al-Ain, after a fact situation which is not active inland, across from Abu Dhabi. The most noticeable is in the climate, but without the humidity of the life place is also less much more urban, a good deal more than might be of an oasis settle-

ment of the area 5,000 years ago. Pottery and other artefacts dated to 3000 BC were found in chambers tomb excavated at Hill and Jebel Bafit. The carefully Some of the finds are on display in the charming museum next to the traditional mud fort in Al-Ain. A bronze age tomb decorated with gazelles has been reconstructed at Hill.

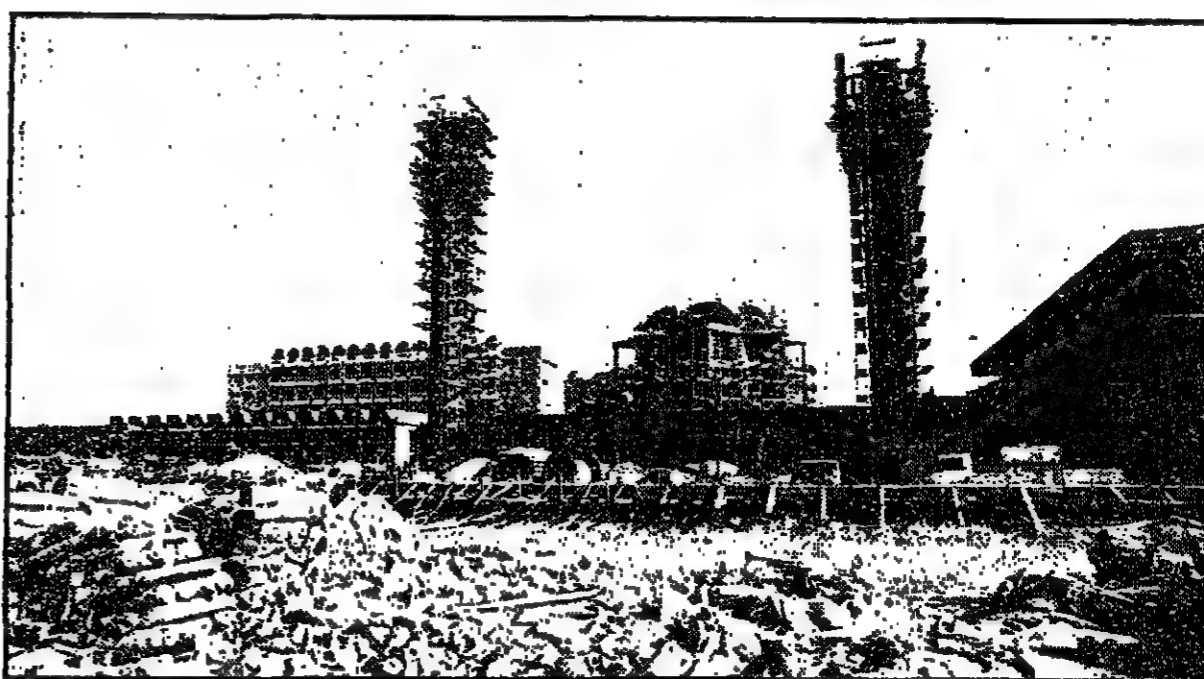
Twenty kilometres from Al-Ain at Mazad is an experimental farm run by the Compagnie Francaise des Petroles and supported by the Abu Dhabi emirate authorities. There is almost no rain. In the first four years since the station was set up only 60mm of rain was recorded at Mazad. Strong winds are another hazard and 4,000 trees, among them: acacia, eucalyptus, were planted to protect the project.

But since production began in 1973 M. Jean Belavoine, director of Al-Ain Agricultural Experimental Centre, and his team have succeeded in growing some 80 per cent more economical crops than the traditional method. Yields two and three times those obtained by traditional farming. Temperatures in summer rise to more than 45°C.

Water is pumped from four wells and various ways of irrigation have been tested. The drip feed and method of nourishing the plants with water contain outside is passed. The question was "a doing soluble fertilizer. Has greenhouses can be kept at



Antique Arab jewelry: right and top right are two aspects of the changing face of Al-Ain, construction work on the new university and a tomb and its guardian.



proved to be the most suc- temperatures from 18°C to 15°C lower than in the open. According to M. Belavoine this technique is 80 per cent more economical than the traditional method. Yields two and three times those obtained by traditional farming. Temperatures in summer rise to more than 45°C.

Water is pumped from four wells and various ways of irrigation have been tested. The drip feed and method of nourishing the plants with water contain outside is passed. The question was "a doing soluble fertilizer. Has greenhouses can be kept at

ing self-sufficient in vege- tables and fruit. But in spite of undoubted progress in experimentation and produc- tion and the capacity to give generous loans to farmers willing to modernize, it is hard to see how a mainly arid country with an expand- ing population can achieve this goal.

Such reservations do not apply to the emirate's abili- ty to develop an education system almost from scratch. A generation ago the only in- struction was learning parts of the Koran by rote. Not

a single modern school exis- ted in the present territory of the UAE. But in October, the UAE university is due to open at Al-Ain.

Only one academic build- ing is going up at present. Even this looks far from finished, but members of the university staff said that work was up to schedule. Initially school premises will be used for lectures and there are expected to be about 300 students in the first year. Half of them will be women, but since it is an Islamic institution they will

not attend classes with men. I was told that students would have to pay a modest registration fee, but that their accommodation, books, stationery and transport would be free. They would also be paid a monthly stipend. Teaching staff would have free villas which, like the libraries, laboratories and other facilities, would be funded from a special university budget.

The first faculties will be those of culture, science, education and commerce. Culture includes Islamic

Arabic and English studies. Medicine and petroleum technology are expected to join the curriculum in later years.

In spite of the closeness of the planned opening date, academic staff are still being selected. I was told that the number of applications from abroad far exceeded the posts to be filled.

Last year more than 1,200 UAE students held bursaries to study abroad, and voca- tional training is also ex- panding at home. The pro- pects are, therefore, for a

gradual increase in UAE citi- zens able to fill some of the key posts now held by foreig- ners.

If the emirates continues at its present rate of deve- lopment there seems little prospect of locally or for- eign educated nationals re- placing those expatriates to significant degree. But at least in Al-Ain a society where illiteracy was so recently the norm is making a start on its own programme of higher education.

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Banking

Currency Board takes on a new look

by Ann Fyfe

Quite a few new words such as credit squeeze, dovishness, even recession, and finally bank failure, not previously in use in the UAE, came into circulation with the UAE Currency Board's May measures to tighten control of banking practice. Inflation, the country's dominating internal issue, is fuelled by features peculiar to the UAE economy, notably the soaring costs of much-delayed government projects, excessive lending to property developers exploiting the housing shortage and burgeoning consumption of imported goods, themselves ever-increasing in price.

Imported costs apart, all three indigenous inflationary influences were capable of control by the federal authorities, given the will to exercise that control. That will has now been demonstrated with a force which took the banking community by surprise and which eventually brought about reforms that led to a complete change in the structure of the Currency Board.

Although 1977's budget totals 10,900m dirhams (£1,600m) against 4,200m dirhams last year and 2,800m dirhams in 1975, the only comparable increase is of 135m dirhams (£22m). Abu Dhabi, which since the 1976 budget has contributed 50 per cent of its individual revenue to the federation, has this year transferred its expensive Departments of Education, Health and Information to the federal budget, accom-

ing, with the investment allocation of 1,600m dirhams, for 5,600m dirhams in all. Excluding these two accretions, the 1977 budget is only 4,300m dirhams.

That small increase is itself largely recorded under current expenditure, principally salaries for the state's 34,000 civil servants whose number is soon to be increased by 9,000, despite a strict policy of freezing or cutting down on new appointments wherever possible. New projects—and this is the point of the new budget—receive only 147m dirhams. Sheikh Sultan of Sharjah, higher budget committee chairman, said at the beginning of the national debate on the budget that projects approved in previous financial years were being executed at a rate of only about 40 per cent; a national outcry followed against delays in completing housing projects, hospitals and public utilities. As far as the economy is concerned, however, the most serious effect of these delays is a constant rise of the costs involved. Inflation is calculated by the UAE Currency Board to have exceeded in 1976 the average of about 30 per cent a year witnessed from 1974 onwards. In the case of food, however, the Ministry of Economy and Trade recently released a report showing that over the past three years the price of fresh vegetables has risen by 100 per cent, poultry and fish by 80 per cent and coffee by 165 per cent. The too much cash chasing too few goods definition of inflation is not fully applicable to the UAE where, on the contrary, ample and indeed excessive quantities of goods, almost all imported, have become available, draining foreign currency reserves and encouraging soaring consumption. Imports are estimated to have reached a level of \$3,500m in 1976 compared with \$1,700m in 1974.

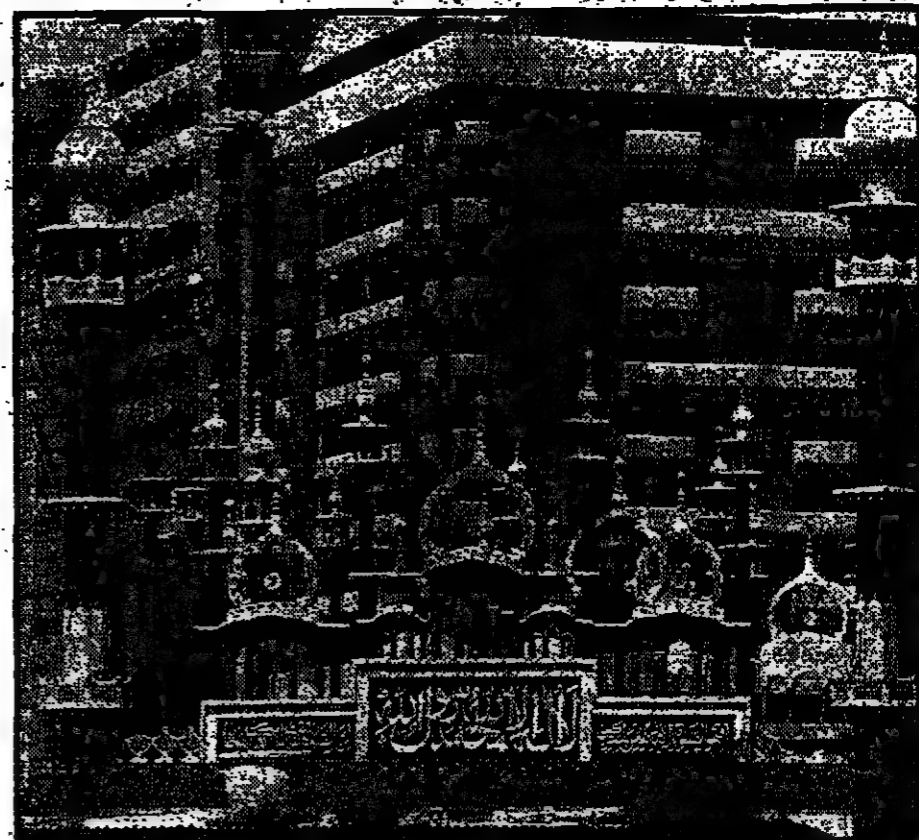
The one commodity the supply of which has failed to meet demand has been property and, in this instance, the result has been gross profiteering. Rates have risen to 120,000 dirhams (£20,000) a year for a new house in the residential suburbs and 80,000 dirhams (£13,500) for an average office in one of the new tower blocks. Construction has absorbed 42 per cent of all credit extended in Abu Dhabi and about 20 per cent in the northern emirates, where the import trade absorbs the larger part of bank lending. Private sector credit as a whole rose 85 per cent during 1976 (69 per cent during 1975) and by acting to restrict its further growth the UAE Currency Board has struck with one blow at the two roots of domestic inflation.

Banks are now obliged to lodge 7.5 per cent of their deposit liabilities in dirhams with the board, as distinct from the 5 per cent in force from May, 1976, to May, 1977, and will observe in addition a deposit/advance ratio of one to 15, accepting further directions from the Currency Board in the case of some individual banks. Mr Ron Scott, UAE Currency Board managing director, now replaced by a three-man committee of local citizens, explained that the purpose of the credit squeeze (not his own phrase) was to reduce fairly quickly the quantity and variety of goods available in the shops, thus stemming the outflow of foreign exchange and discouraging unnecessary consumption.

Soon after, the squeeze was tightened by regulations requiring compulsory deposits of 25 per cent of the value of all lenders of credit and 10 per cent of all bank guarantees, but the reaction was so hostile that the head of state annulled the two measures by decree less than a week after their introduction.

Property prices, it is widely felt in the banking community, are now stabilizing of their own accord with the completion of thousands of state and private developments. But good news for the citizen is bad news for those banks which have become heavily involved in lending to property.

The management of a handful of the newer, smaller banks had been causing concern for some months before the board acted. Earlier in the year, when demand for dollars brought the dirham almost to the floor, the board had sold dollars cheaply in the market to counteract the



Abu Dhabi's new buildings overshadow the traditional minarets and colonnades of the Arab world.

trend, with the result that the larger banks called in dirhams on short term deposit with the smaller banks for the purpose of buying dollars. A few of those small banks were unable to raise the dirhams called and were obliged to overdraw their dirham accounts with the Currency Board, for which the latter imposed a penal interest rate of 1 per cent a day or 365 per cent a year.

Although the board strongly denies having sought from the outset to make an example of a few of the small banks, some names inevitably became bad news and, in May after much rumour and recrimination, three of them were obliged to cease trading. The Bank of England's "Lifeboat team" is now working out a salvage operation.

Local banks were brought in April 1976 into the scope of the board's moratorium on the licensing of new banks. At that point some 53 commercial banks had been licensed, compared with 20 three years previously.

One prominent Dubai chess house, has since made a hole in that policy by establishing an albeit large and responsibly managed bank, but the May 1977 announcement states categorically that this will not be allowed to happen a second time. However, all banking policy and legislation in the UAE is now under reconsideration. The functions of the managing director of the Currency Board have been assumed by three local men prominent in finance—Mansour al-Nawais, Abdullah Masroufi and Ahmad Tayar—and two men from the Bank of England have recently arrived to see if any help can be offered.

Leaving aside these political dramas, the interbank market and related banking service areas have developed steadily, the former benefiting from the activities of the 12 international banks which have been granted restricted licences permitting them to hold interbank accounts in dirhams and to lend but not to accept dirham deposits. The bond market, concentrated in dirhams, was floated in 1976,

one each of 100m dirhams for Compagnie Nationale d'Algerie, de Navigation et de Calais, Nationale d'Algerie, de Tunisie and eight private borrowers. Coupons vary from 9 to 9.75 per cent and foreign exchange for the conversion of these bonds is not available from the Currency Board; it has to be sought in the market.

The Currency Board is clearly acting as a central bank in taking decisions affecting the management of the economy, and difficult decisions at that. Credit facilities are not going to be popular with the powerful landlords and merchants who are also the owners of the smaller banks and who have demonstrated their power in block measures inimical to their own interests. Despite having brought the question upon themselves by their culpable lack of prudence during the boom, it is not inconceivable that they will now clamour for a "special case" treatment. The new Currency Board has a difficult balance to strike in the months ahead.

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Smuggling and Port Rashid

End of era in the gold trade

nis Taylor

as price synonyms and smuggling. It is one of the contraband of the world, but it no longer retains its preeminence. It never features in published trade statistics. But while an era in which trade is over, gold is to be imported. Only 400 tons were shipped to the Middle East last year, less than 50 tons to Dubai. Both the United Arab Emirates and Tehran receive

tion of gold in
is now superseded
ig to India. One
businessman estimated
at a ton of gold was
to each week to
but he put its trade
below that of
tion equipment and
food and elec-

is nothing illegal smuggling in Dubai may send out what port without notifying authorities. No UAE is broken if goods out later enter country illicitly.

Ad route developed
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The emergency proclaimed by Mrs Gandhi, the former Indian Prime Minister, in 1975, led to a crack-down on smuggling into India, and there is some speculation that prospects may improve now that she has lost office. But Indian policies aside, the heyday of gold smuggling had already passed by the time of the emergency.

Another merchant made the point that Dubai rang the changes with its goods and their destinations. "When India is out, Iran is in. When Pakistan is out, Afghanistan is in, and so on. There are always some outlets", he said.

Local businessmen tend to have diverse interests. They own land, develop property and act as agents for foreign manufacturers as well as importing and exporting. In recent years land has become a more attractive proposition than smuggling.

When goods from Dubai enter another country they may do so perfectly legally as well as unofficially. It is assumed, however, that because of their voluntary nature reexport returns record less than the total leaving the country.

Construction equipment is brought in to Port Rashid for overland dispatch to other parts of the UAE, to Saudi Arabia, Qatar and Oman. Cars and consumer durables are also shipped in for reexport to the rest of the most booming area in

A trader said that Saudi Arabia and Iran were now the most important outlets for reexports from Dubai. Sometimes one was more

important than the other, but they were certainly the top two destinations.

It is used to be said that smugglers were imported into Dubai for every local inhabitant to own a car. These days, however, the wave of largesse has been smothered and also passed. Many of the Swiss and other cars are now sold on the bazaar are taken back to

through Dubai, which has the best port facilities.

According to the Dubai statistics office, the main categories of imports were machinery and transport equipment totalling 3,615m dirhams (more than \$1.2 billion). Imports taken by manufactured goods (2,455m dirhams), followed by live animals (949m dirhams).

India and Pakistan but by immigrants travelling home. Although at the start of this decade the United Kingdom, benefiting from the traditional British electronics market, was ahead of the rest of the field, it has with one exception been overtaken every year since 1972 by Japan. The odd year when it was not was 1975 when the United States.

Competition is close, however. The Dubai importers

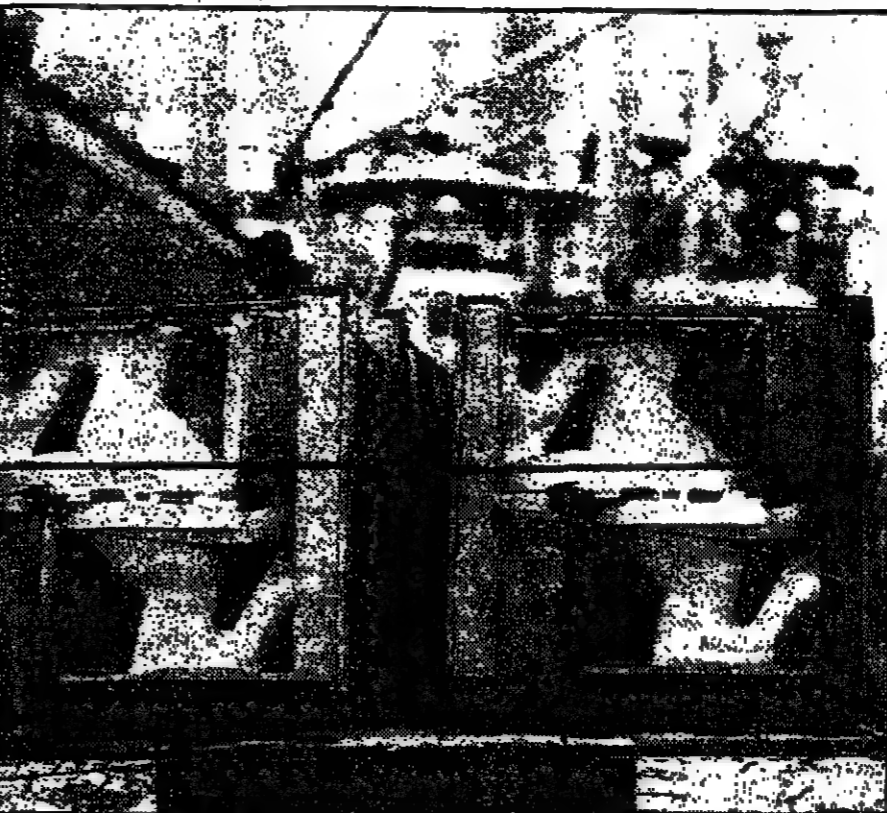
As well as cassettes, transistor radios, hi-fi equipment and other Japanese products, vast quantities of textiles and clothing from the Far East, particularly jeans, pass through Dubai.

A stroll along the creek is one of the more interesting ways to spend a spare hour in Dubai. The shallow lining the banks are deceptive vessels, equipped with powerful engines for the voyage as far as India, Pakistan or even down the east African coast. Stacked alongside may be crates containing anything from refrigerated chickens to frozen mackerel. Canned foods are now a leading import to the UAE's population.

Machinery and transport main imports

It is said that there is nothing you cannot buy or sell in Dubai, which despite the growth of Abu Dhabi

Direct exports of non-oil products from the UAE are limited to such items as gold, diamonds, dried fruits, and dates. While Abu Dhabi exports a certain amount of construction, transport and mining equipment to such countries as Iraq, Kuwait, Qatar and Oman, nine-tenths of UAE reexports, to the extent that it was possible to make such arrangements in Arab countries, including the specifications required by the market. Governments and other agencies are not to place orders with British Leyland even when on the boycott list. In this way it had to "sell some" Jaguar cars, Range Rovers and Land Rovers to the UAE.



Scenes at Port Rashid, Dubai, a former dhow anchorage, one of the new ports handling the emirates' cargo boom. Nineteen berths deal with more than four million tons of cargo a year.

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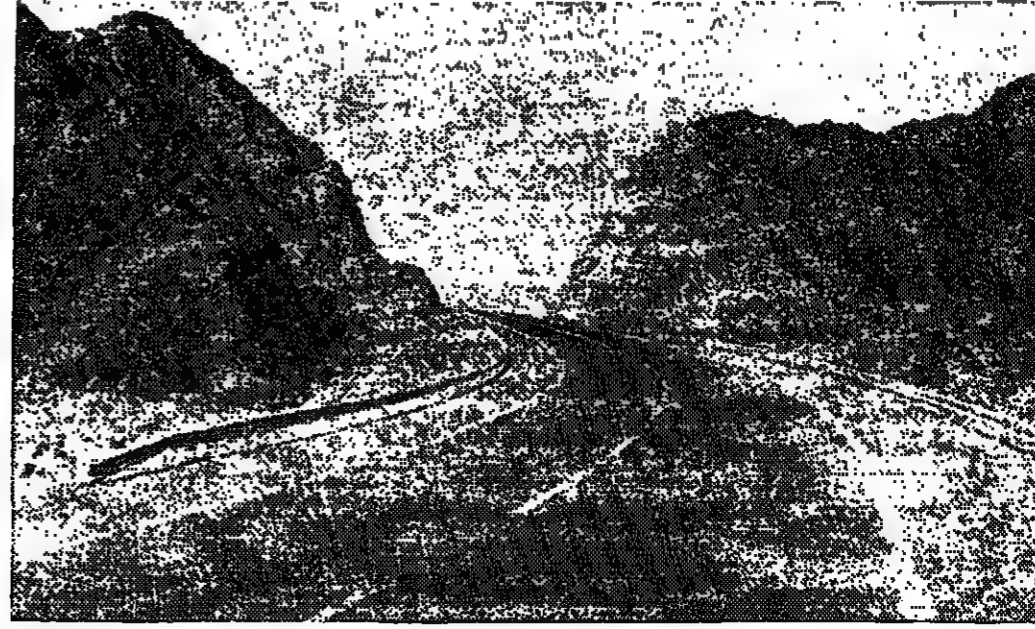
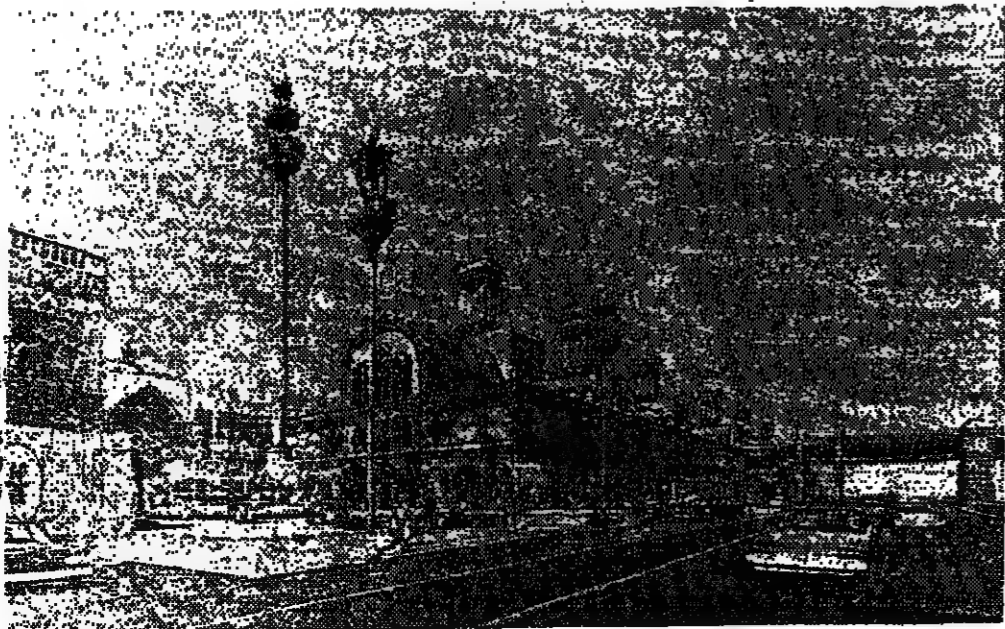
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Airports and construction



Building work in Abu Dhabi, where the development of a second international airport has proved necessary. Top, the Sharjah airport which opened early this year and is initially concentrating on freight.

continued on facing page

LOCAL OFFICES:

ABU DHABI	2nd
AL AJAH	2nd
AL SCAT	2nd

Consolidation in prospect after period of rapid growth

by Denis Taylor

It would be foolish to try to predict how long the building boom in the United Arab Emirates will last. For a start, although the entire country is only the size of Scotland, the construction industry is responsive to widely varying influences in different shakhdoms.

Abu Dhabi is the richest emirate, indeed on paper it is the richest place on earth if you divide its oil income by the fairly small number of people living there—236,000 according to the 1976 census. Driving along broad streets lined with multi-storey buildings and intersected by seemingly endless roundabouts, it is today hard to believe that the town did not have a single school until 1966 and that a few years before that the dwellings were simple fishermen's huts made of palm fronds.

Nor everybody has an air-conditioned flat or villa equipped with a colour television set. There are still Bedouin living in simple shelters in the hinterland, as well as immigrant labourers living in tents and overcrowded houses. But the transformation in the conditions of most local people, in terms of housing, medical care and education, has been startling. Given what has been achieved in the last decade, it may seem unlikely that the next 10 years will see such a spectacular burst of activity and that this will be more a time of consolidation.

It will be interesting to see if plans for the proposed new port and industrial area at Ruweis embracing an oil refinery, petrochemical and gas liquefaction plants at an estimated cost of more than \$2,000m will go ahead unreserved. This would involve building

a new town of between 40,000 and 80,000 people. An official in Abu Dhabi denied that a report that foreign interests' unwillingness to meet Abu Dhabi investment requirements in Ruweis implied local concern about finance.

He painted a picture of Abu Dhabi concentrating on developing petroleum-based industries rather than being tempted into industrial diversification against the day there is no oil. The building of harbours, roads, airports, schools, hospitals and power stations could take another five or six years. He said it was hoped that the industrial expansion would be completed by 1990.

There is no shortage of projects either under way or for which tenders have been invited. The estimated total cost of the Abu Dhabi International Airport, scheduled for completion by 1980, is 1,000m dirhams (about £190m).

The consultants are French (Aéroport de Paris), and Greek, Japanese and Indian contractors are involved in the work. Although British architects, consultants and contractors have established strong links in the emirates since the face increasing competition from Europe, Japan and South Korea.

There is a shortage of hotels in the area. Only a few days ago the British architect, Rochester Cooke, was appointed sole consultant to design and supervise the building of an £18.5m hotel for the UAE Development Bank at Abu Dhabi.

Sir Alexander Gibb and Partners is the consultant for the port of Abu Dhabi. It may take eight to 10 years to complete the 63 berths now envisaged.

Other Abu Dhabi projects include power stations and seawater desalination plants, water pipelines, hospitals and extensions in Abu

Dhabi and Al Ain, and military airports and installations. There is a proposal for building a 600-bed teaching hospital attached to the new UAE university, half way between Abu Dhabi and Al Ain. Several thousand low-cost housing units are being added to the emirate's stock.

British Smelter Constructors, in which Wimpey is one of the partners, won the contract to design and build the Dubai aluminium smelter, which will cost at least £350m and is scheduled for completion by 1980. A number of British and West German firms were awarded additional contracts. Balfour-Beatty Construction and Wimpey are among contractors for the 5500m² 74-berth deep water port at Jebel Ali to serve the smelter and other new industries.

The value of firm contracts in Dubai and the northern emirates involving foreign and local companies amounts to more than £3,000m.

One expatriate businessman in Dubai said that there might be a tailing off in really big new projects in the emirate. But he pointed out that there had been surprises in the past when this had also seemed likely. "We had two years when things were very much in recession; then they mushroomed," he said. As unpredictable developments he cited hospital expansion.

As well as £30m extensions to the Rashid Hospital, a new 630-bed hospital is to be built. At the end of the Second World War, Dubai had one doctor.

An outsider cannot always understand why decisions are taken in any one of the emirates. One can question the wisdom of all the different apparently duplicating labour developments, international airports and satellite stations in such a small area. At a time when

the bottom has dropped out of the tanker market it may not look such a good idea for Dubai to have dry dock facilities capable of handling tankers of a million tons, if they should ever be built. But should the day come when the demand is there, Dubai will have the best dry dock facilities between Europe and the Far East.

Costain-Taylor Woodward Joint Venture are the contractors for the £162m scheme, scheduled for completion by the end of next year, and Sir William Halcrow and Partners are the consultants.

The power of a ruler like Shaikh Zayed of Abu Dhabi or Shaikh Rashid of Dubai is not to be underestimated despite the superficial intrusions of modernity. If they decide they want to build something it is likely to be built.

If people in Dubai point to what they see as the uncontrolled development of Sharjah, there is an element of political rivalry there and also a feeling of commercial superiority.

Dubai is a long-established trading centre and people there were wise in the ways of finance when the Abu Dhabians lived a simple pastoral life. Development in Abu Dhabi gradually followed oil receipts. Shaikh Rashid borrowed against projected oil income to build his first hospital.

Dubai is also being true to its commercial traditions by putting up what is believed to be the highest structure in the Arab world, an international trade and conference centre which will be 39 storeys high when completed by Bernard Suway and Sons. The exhibition hall and hotel should be finished this year, and the whole of the £109m centre, including an hotel, 504 flats and parking for 2,000 cars in 1979. An ice-

rink is one of the facilities under discussion. John R. Harris are the architects for this and a number of other projects in Dubai.

It could be said that Abu Dhabi looks like a vast building site, but if the title fits anywhere it is Sharjah only 15 km along the road from Dubai. Streets of unfinished buildings and the inevitable roundabouts sprout from the sand.

Dubai may look askance, but Sharjah has not forgotten that it was once the first port in these parts. Sharjah, however, appears to have gone ahead faster than its fairly small oil revenue would justify. Hotel building is a growth industry in Sharjah and the supply of the housing has attracted people from Dubai because of lower rents.

Annual rents in Dubai can extend from about 40,000 dirhams for a one-bedroomed flat to 130,000 dirhams for a three-bedroomed villa in the most desirable suburb. Rents are normally payable a year in advance and alarming stories are told of key money. According to one property consultant, there is a discrepancy between the key money sought and that handed over, but figures of between 100 and 250 dirhams a sq ft have been paid for the most desirable commercial premises.

Rental levels in Abu Dhabi are said to be 10 or 15 per cent higher than in Dubai. There is speculation that property prices may even out in Dubai. Banks, however, sensitive to the overall liquidity position in the UAE, are becoming less keen to commit more finance to property development by local businessmen. At the same time, much of the property development is carried out by Shaikh Rashid and his family and the rents they charge are normally lower than in the private sector.

Takeoff from primitive beginning

continued from facing page

rights, it is becoming more and more unlikely that any of the emirates will start such a service and jeopardize the possibility of increasing international flights which attract foreign businessmen to the area. Despite being spoilt for choice, the airlines themselves seem happy.

Throughout the Gulf, in-

cluding the UAE, Oman, the capacity that is known to be planned by the mid-1980s, the airports at those Gulf centres will have the capacity to handle 85 million to 90 million passengers.

With freight it is the same story. Although worldwide air freight to see the freight ratios average 0.2 per cent. The Gulf has an average of up to 1.5 per cent which, not surprisingly,

has led to considerable congestion at many of the airports. Dubai and Sharjah are two exceptions although last year Dubai suffered when, with a capacity reckoned to be about 36,000 tons, it handled nearly 50,000 tons because of TMA, moving the air-cargo airline, moving its operations from Beirut to the emirate.

Having recovered from the ordeal, the handling

company, Dubai National Air Travel Agency (DNATA), is completely reorganizing Dubai's cargo system and in Sharjah the Frankfurt Airport Authority is actively encouraging airlines and shippers to have their own facilities at the airport.

The author is on the staff of The Gulf Weekly Mirror.

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FOCUS ON

The
National Assembly
and Foreign Affairs

Chamber where speed of development heads the agenda

by Ann Fyfe

There are two ways of looking at the UAE National Assembly, as a Western-type parliamentary body or as an institutional embodiment of an existing tribal decision-making event, the consociational circle embracing all male members of the group.

Its new Speaker is aware that Europeans will seize upon the fact that its members are appointed, not elected, and conclude that the UAE is not a democracy, ignoring the crucial, but in Western eyes nebulous, process by which individuals emerge as candidates for appointment. Whichever kind of animal it is, the assembly has evolved

considerably since the end of 1976 when both membership and chairmanship were changed.

Mr Tarek Tarek, the new Speaker, returned from his post as ambassador to Cairo—a plum job in the UAE diplomatic service—to take up the assembly chair. The constitution does not specify how members are to be chosen but leaves it to the discretion of each emirate, which means that the rulers nominate their quota. Abu Dhabi and Dubai and Ras al Khaymah six each and the other remaining three emirates four members each.

Mr Tarek says: "We know that this method of choosing members—by nomination instead of elec-

tion—is not in conformity with Western democracies, which regard election alone as the yardstick. Perhaps you agree with me that democracy is not pre-moulded in patterns and shapes... [democracy] is a spirit and practice."

Two constitutional powers are invested in the assembly and in practice it exploits both of these to the full. On the legislative level the assembly passes all Bills submitted to it by the Government and has the right to approve a Bill, amend it or throw it out.

After debating a Bill the assembly passes it back to the Cabinet, but to the Supreme Council of the seven emirs, whose response is prescribed by constitutional law. If the Bill is presented by the assembly

contains amendments to the Government's proposal, the Supreme Council arbitrates, but the emirs may easily disapprove a Bill only if their own version is not chosen.

At this point the Supreme Council has the right to exercise its own judgment, say "yes" or "no" or "amend".

The assembly's second function is to question

ministers on the conduct of their departments and to discuss their policies. When an assembly member asks a question, the Minister must answer it. The Minister is not allowed to refuse to answer a question, but he may refuse to answer a question if it is outside the scope of his department.

A glance at the members' list reveals names of quite a few well-known men.

Minister of the Interior, Mr. Tarek Tarek, is a member of the assembly.

Minister of the Economy, Mr. Tarek Tarek, is a member of the assembly.

Minister of the Education, Mr. Tarek Tarek, is a member of the assembly.

Minister of the Health, Mr. Tarek Tarek, is a member of the assembly.

Minister of the Agriculture, Mr. Tarek Tarek, is a member of the assembly.

Minister of the Fisheries, Mr. Tarek Tarek, is a member of the assembly.

Minister of the Forestry, Mr. Tarek Tarek, is a member of the assembly.

Minister of the Environment, Mr. Tarek Tarek, is a member of the assembly.

Minister of the Urban Planning, Mr. Tarek Tarek, is a member of the assembly.

Minister of the Transport, Mr. Tarek Tarek, is a member of the assembly.

Minister of the Communication, Mr. Tarek Tarek, is a member of the assembly.

Minister of the Information, Mr. Tarek Tarek, is a member of the assembly.

Minister of the Culture, Mr. Tarek Tarek, is a member of the assembly.

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Policy set apart by aid disbursements

In an eventful year in the Gulf and at a time when the Red Sea has come to dominate the headlines, the outstanding diplomatic activity locally will surely have been Sheikh Zayed's visit to Aden in March. Putting the seal on the emergence of coexistence as the successor to confrontation in Arab politics in the latter 1970s, and ending the isolation of the People's Democratic Republic of Yemen in the peninsula, the visit at the same time opens a new chapter in the ideological history of the Red Sea.

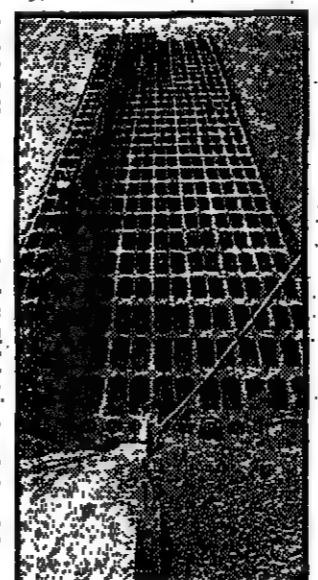
By contrast, the first and much heralded Gulf foreign ministers' conference in Muscat produced little if anything of note but in terms of talks, bilateral and multilateral, diplomatic activity within the Gulf is a record. The sites are black with itinerant princes. The distinguishing characteristic of the UAE's foreign relations is, however, the disbursement of aid and on this front the Gulf is a record. In Cairo brought vastly increased commitments, particularly to the pro-western regime in Egypt after the January food riots.

Contacts between the UAE and high-level representatives of the People's Democratic Republic of Yemen had been frequent since 1972 as part of painstaking efforts by the UAE, for which much aid was mustered to the Head of State personally, to reduce the severe mutual animosity and indeed bloodshed between the conservative regimes of the peninsula and Aden. Aden signed an "ideological cooperation" agreement with Dr. Castro, the Cuban leader, during the latter's semi-secret tour of the Red Sea in April. What seems to have gained ground is more of an agreement to tolerate each other's systems. But the door is none the less opened as a result of Saudi neighbourliness and, of course, aid: the Red Sea is only the tip of the iceberg.

Yet the first Gulf foreign ministers' conference at the end of 1976 was widely deemed a failure. Mr Saif Ghobash, the UAE Minister of Planning, says it achieved little because it came to the conclusion that against the background of great bilateral exertions to improve relations within the Gulf and from our specific problem areas, there was little for the session formally to do.

Nevertheless, animosity over rival working papers almost caused one of the main participants to boycott the proceedings and rumours flew during the Iranian Foreign Minister's sweep through the Gulf that Iran was urging some kind of formal security pact on unwilling small states on the other shore. These have been renewed in the past of late but are denied vehemently by the UAE ministry, along with speculation of a forthcoming Gulf summit on security.

Ceremonial gatherings of this sort apart, there is rarely been so much physical movement of government ministers and even heads of state within and around the shore of the



Going up in the world, the trade centre in Dubai.

Gulf, and Mr Ghobash's assertion that intra-Gulf relations are on the right course is borne out by the substance of these many sessions of talks. The Iraqis are on good terms with Iran, and have offered cash aid to the Sultan of Oman, whose domestic insurgency they were still helping to finance 12 months ago. The Kuwaitis are talking to the Iraqis on their 22 times fierce border disputes. The Saudis are talking and shelling out cash to the Adenis, who would have been unthinkable six months ago. The Omanis, if not talking publicly to the Adenis, are making frequent trips to those in Riyadh who are unofficially leaked during the May visit of Sultan Qaboos to Riyadh that one of the objects of the exercise was to make final the arrangements for an exchange of diplomatic relations between his right-wing regime and Aden, with which he was at war until last November.

At the same time as rapprochements have become commonplace in the peninsula, the Red Sea to its west has become an ideological battleground and it may seem curious that the pro-Western conservative regimes are solidly behind the Eritrean guerrillas and Moscow-oriented Somalia. Eritrea is front-page news more often than not in the UAE press and the country's moral, political and financial support is with the separatists is unambiguously clear.

Mr Ghobash likens the attitude of the peninsula Arabs to Ethiopia to that of the British to France, separated from each other since the Creation by the narrowest of channels. Arab-Ethiopian relations cannot but be both good and bad and ineluctably close. The policy is that the Eritrean right to statehood has been ignored continuously since the Italian era.

That the liberation movements profess left-wing beliefs to varying degrees is said not to be a matter of concern: not is Somalia's treaty of friendship with the Soviet Union, though it can hardly be coincidence that the latter's influence in the Arab states on the west bank

of the Red Sea is falling as relations with the peninsula oil states grow closer. From his own point of view, however, the UAE may well probably consider the Afro-Arab summit in Cairo in March as one of the most significant events of recent years. Specific figures were put to the oil states' commitments to Africa in the coming year, amounting in the case of the UAE to \$100m in 1977 through the Arab Bank for Economic Development in Africa.

Abu Dhabi's own fund, the Abu Dhabi Fund for Arab Economic Development, is limited by its statute to investing in revenue-generating schemes for any one of which it can provide only half the finance under the guarantee of the host country. It managed, however, to increase its loans to slightly more than \$250m at the end of 1976 compared with \$25m at the end of 1975. Its beneficiaries span the political spectrum from Morocco to Aden but by far the largest recipient of UAE aid, through the Abu Dhabi Fund, the Arab bank emergency hand-outs and investment in projects is of course the pro-western regime in Egypt. After the January food riots, both the UAE and Saudi Arabia undertook to search in 1977 the total funds provided for Egypt over the preceding five years.

The Abu Dhabi fund has not been a purely Arab one since its capital was quadrupled at the end of its first year. In operation (1974) and its statutes rewritten to include the whole of the Third World. Now it has eight Asian and African members on its board and nine Arab states. But the Abu Dhabi fund is just one of many organizations set up unilaterally, bilaterally and in conjunction with Opec and other bodies for the disbursement of cash. None of these includes frequent UAE handouts for emergency relief and disaster victims.

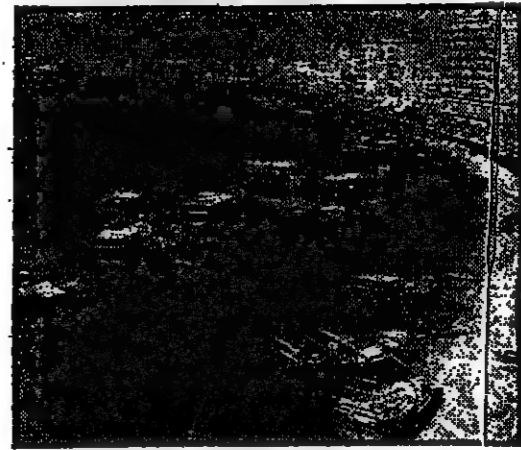
By way of a complete picture, the UAE undertook late in 1976 not only to find 15 per cent of the cost of the Arab peace-keeping operation in Lebanon but actually to send troops of the United Defence Force to the active zones, where they presumably heard real shots fired in anger. How they acquitted themselves we do not know as the local press failed to seize this opportunity for some frontline reporting.

Keeping the peace, preserving stability through mediation, honest brokering and aid: this is the essence of UAE foreign policy. Mr Ghobash describes his Government as "liberal-conservative". Remaining on cordial terms with both sides to the ideological dispute which split the Gulf was in itself an achievement but rehabilitating the Aden regime was an epoch-making contribution to the stability of a strategic region.

Although the victory was for co-existence rather than for either of the two systems, some observers feel that amid this wave of reconciliations "liberal-conservatism" is in the ascendant, with all that implies for the great powers in the coveted Horn of Africa and the whole Indian Ocean region.

A.F.

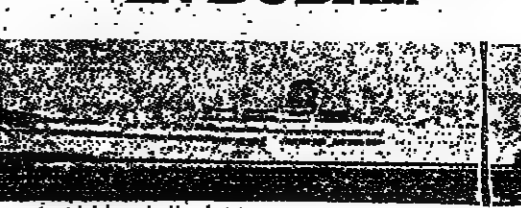
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Government

Administrative and capital expenditure is carried out by both the federal Government and individual emirates. This often-uncoordinated two-tier system in part explains the high level of total spending—reaching an estimated per capita expenditure of 25,000 dirhams (\$5,900) in 1976—as well as the inordinate degree of project duplication evident in development programmes.

Abu Dhabi and Dubai are each wealthy enough to fund their own expenditure independent of the federal Budget. Sharjah also enjoys sufficient resources while the others are able to afford, by a combination of mobilising domestic revenues and external loans, their own brand of development in addition to that allowed by federal expenditures.

A result has been the unwillingness of most of the emirates, especially Dubai, which insists on a loose federation, to contribute a significant share of their own revenues to the federal Budget. Abu Dhabi, the principal proponent of centralisation and coordination, has been left until recently to fund 85 to 90 per cent of federal expenditure.

Following the threat of Sheikh Zayed of Abu Dhabi to resign unless this imbalance was resolved, the other emirates agreed at the end of 1976 to earmark 50 per cent of their incomes for the federal Budget. But, flushed with the Abu Dhabi oil revenues, the federal Budget has experienced a remarkable growth, from 163.7m dirhams in 1972 to 4,151.9m dirhams in 1976. The 1977 Budget represented a 152.9 per cent increase over the previous year. Although most of the expansion is due to the transfer of spending powers of emirate ministries—such as education, health and defence—to federal ministries, a substantial proportion is accounted for by the development of the poorer emirates which had

Inflation now runs at 30 per cent

Expenditure until 1973 was troubled by periodic deficits, a prospect which has all but vanished in the wake of the oil price boom. Current spending shows a remarkable growth in 1968-76 from 283.2m dirhams to 12,796m dirhams or 70.3 per cent of global expenditures. Excluding grant aid to foreign countries, contributions to the federal government (4,000m dirhams in 1976) and subventions to federal ministries (4,000m dirhams in the same year), only about 2,000m dirhams was actually devoted to domestic current expenditure. Investment was more than double that level and reached 4,463.2m dirhams in 1976 and 5,500m dirhams in 1977.

Alternatives to oil

continued from preceding page

And, taking advantage of its traditional fishing industry, Ras al Khaymah also hopes to develop its tourism potential, relying on the natural attractions of their scenery as well as on the artificial delights such as The Gulf only casino at Ras al Khaymah. Unfortunately, Saudi Unisports, the Saudi company which has been commissioned to develop the construction of two fish oil and fish meal factories (each with an ultimate capacity of 400,000 tons a year by 1978) day) as well as the purchase of six fishing vessels.

day) as well as the purchase of six fishing vessels. A small ship repair yard and slipway has been set up in joint venture with the Japanese to repair oil rig supply ships. A mineral water bottling plant, supplied with high quality water from the Mafut springs, has already been commissioned. Quarrying of local marble is being promoted and the construction of a fishing port is under

Government of Abu Dhabi revenues and expenditures (in millions of dirhams)									
	1973	1974	1975	1976	1977	1978	1979	1980	1981
	Amount	%	Amount	%	Amount	%	Amount	%	Amount
(1) Revenues	3043.3	94.5	3702.5	97.0	4430.4	95.8	4801.4	97.9	5179.0
Oil receipts	13.1	0.4	28.6	0.2	21.8	0.2	31.5	0.2	0.2
Customs duty	80.9	2.5	212.8	1.5	603.1	4.0	250.0	1.3	1.3
Interest and dividends	84.5	2.6	187.2	1.3	1.0	0.0	105.7	0.8	0.8
Others	3221.8	100	14131.1	100	15016.3	100	18401.2	100	100
(2) Expenditures	2512.8	74.1	4677.3	67.6	6505.8	58.8	12798.0	70.3	70.3
Current	524.4	15.5	1009.9	14.6	2249.9	19.5	4463.2	24.5	24.5
Development	44.7	1.3	82.6	1.2	81.2	0.7	226.3	1.2	1.2
Health	15.3	0.5	69.6	1.0	84.4	0.7	236.2	1.3	1.3
Agriculture	19.5	0.6	22.6	0.3	18.1	0.2	151.1	0.8	0.8
Industries	101.5	3.0	327.1	4.7	760.2	6.6	1142.9	6.1	6.1
Power projects	95.4	2.8	137.5	2.0	339.3	3.0	515.4	2.8	2.8
Communications	185.6	5.6	243.0	3.5	684.8	6.0	1432.2	7.9	7.9
Housing	17.0	0.5	51.4	0.7	111.8	1.0	122.1	0.9	0.9
Labour and social affairs	0.2	—	5.6	—	2.0	—	8.1	0.1	0.1
Information and tourism	11.5	0.3	25.7	0.4	62.8	0.6	50.0	0.3	0.3
Public buildings	33.8	1.0	44.9	0.7	103.5	0.9	563.9	3.1	3.1
Capital payments	353.5	10.4	1293.3	17.6	2701.2	23.6	946.0	5.2	5.2
Total expenditures	3393.7	100	6922.5	100	11458.9	100	18205.2	100	100
Surplus or Deficit (-)	-168.9		7207.8		3358.4		198.0		

Notes: (1) Sub-items may not add up because of rounding.
(2) Petroleum royalties and tax (net income) to Abu Dhabi Government.
(3) Including grants from the ruler of Abu Dhabi and departmental revenues as well as valuation gains in foreign holdings.
(4) Include grants proper to local organizations and foreign countries.
(5) Capital contributions in the form of participations loans to foreign governments and other lending (net).

Source: Finance Department, Government of Abu Dhabi

Federal government revenues and expenditures (dirhams m)									
	1974	1975	1976	1977	1978	1979	1980	1981	1982
	Amount	%	Amount	%	Amount	%	Amount	%	Amount
(1) Revenues	800.5	100.0	1774.8	100.0	2163.1	100.0	4151.9	100.0	4151.9
Emirates contributions	779.5	97.4	1722.4	97.0	2124.3	98.7	4073.7	98.3	4073.7
Other revenues	21.0	2.6	52.4	3.0	28.8	1.3	72.2	1.7	72.2
(2) Expenditures	743.1	100.0	1265.3	100.0	2263.1	100.0	4151.9	100.0	4151.9
Current, of which	575.3	77.5	899.7	71.1	1195.6	52.8	2140.8	51.6	51.6
Ministry of State	10.9	1.5	13.6	1.1	15.3	0.7	37.5	0.9	0.9
Ministry of Finance and Industry	6.7	0.9	9.8	0.7	22.5	1.0	32.8	0.8	0.8
Ministry of Economy and Commerce	0.4	—	3.9	0.3	5.5	0.2	8.6	0.2	0.2
Ministry of Interior, Justice and Defence	167.8	22.8	272.1	21.5	312.6	13.8	666.0	16.5	16.5
Ministry of Housing and Public Works	7.2	1.0	13.9	1.1	15.1	0.7	34.8	0.9	0.9
Ministry of Communications	11.3	1.5	22.9	1.8	28.0	1.2	44.5	1.1	1.1
Ministry of Health	45.7	6.1	76.8	6.1	102.5	4.5	204.8	4.9	4.9
Ministry of Agriculture and Fisheries	12.4	1.7	17.8	1.4	19.9	0.9	38.4	0.9	0.9
Ministry of Education and Youth	103.1	13.9	147.7	11.7	179.1	7.9	271.4	6.8	6.8
Ministry of Petroleum	1.5	0.2	7.4	0.6	9.1	0.4	21.3	0.5	0.5
Ministry of Electricity and Water	34.0	4.6	39.2	3.0	80.1	3.5	88.5	2.4	2.4
Other ministries	107.5	14.0	201.3	15.9	237.1	10.5	362.7	8.7	8.7
Unallocated	66.7	9.0	74.3	5.9	170.3	7.5	300.0	7.2	7.2
Development, of which	163.8	22.0	302.6	23.9	854.6	42.2	1797.8	43.3	43.3
Ministry of Interior, Justice and Defence	0.2	—	24.4	1.9	84.5	3.7	139.2	3.4	3.4
Ministry of Electricity and Water	28.9	3.8	34.8	2.8	222.9	9.9	327.5	7.9	7.9
Ministry of Housing	27.0	3.6	42.3	3.3	33.9	1.7	297.9	7.2	7.2
Ministry of Communications	76.1	10.2	104.8	8.3	243.2	10.7	366.3	9.3	9.3
Ministry of Health	11.4	1.5	39.0	3.1	74.6	3.5	96.0	2.3	2.3
Ministry of Agriculture and Fisheries	1.3	0.2	25.6	2.0	61.3	2.3	91.6	2.2	2.2
Ministry of Education and Youth	17.0	2.3	23.5	1.9	154.1	6.8	309.3	7.4	7.4
Other ministries	4.4	0.6	8.1	0.6	39.5	1.5	150.0	3.6	3.6
Equity participation	4.0	0.5	11.8	0.9	39.3	1.7	168.3	4.0	4.0
IMF account	—	—	52.2	4.1	73.6	3.3	45.0	1.1	1.1
Surplus (+) or Deficit (-)	57.4	—	508.5	—	100.0	—	—	—	—

Notes: (1) Excluding the amounts allocated for ministries in the federal government which are still funded and administered by the Abu Dhabi Government.
(2) Excludes the Council of Ministers and the National Federal Council of State.
(3) Including the Ministry of Labour and Social Affairs, Islamic Affairs, Information, Planning, and Foreign Affairs.

Source: Federal Ministry of Finance and Industry



Communications

In 1968-75, capital expenditure on communications in Abu Dhabi totalled 1,043.8m dirhams with 515.4m dirhams and 805m dirhams allocated in 1976 and 1977 respectively. The level of spending on transport in Dubai was probably even higher.

Significantly, expenditure on development by the federal Ministry of Communications oversaw the launch of projects initiated and financed by the individual emirates. It has progressed even more rapidly, from 37m dirhams or 2.3 per cent of total capital spending in 1972 to 396.3m dirhams or 9.3 per cent of the total in 1976.

Such expansion signals the rapid development of the transport sector in the poorer emirates. The vast Gulf and Partners, has already started with the award of a contract to Dong Ah Construction of South Korea. To service the new industrial zone at Ruwais, a new port will be built in the outer harbour at a cost of \$630m. The first phase, supervised by Sir Alexander Gibb & Partners, has already started with the award of a contract to Dong Ah Construction of South Korea. To service the new industrial zone at Ruwais, a new port will be built in the outer harbour at a cost of \$630m.

Dubai is endowed with the largest port in the UAE. Port Rashid with a 15-berth facility. Congestion, now causing delays averaging 75 days, is the worst in the Gulf but a 22-berth extension including two container docks should be completed by 1980.

Adjacent to Port Rashid, continued on facing page

Trade

The UAE's inexorably increasing trade surplus—rising from 2,521m dirhams in 1971 to an estimated 22,000m in 1976—guaranteed not only by the dominance of oil exports but also by an impressive non-oil export performance.

Oil exports rose from 3,411m dirhams in 1971 to 32,331m in 1976 and achieved an impressive 20 per cent rate of growth in 1976 alone, while non-oil exports registered an even higher growth rate of 39 per cent in the same year to bring the value of non-oil exports up to 2,500m dirhams, compared with 579m in 1971.

Growing world oil demand, combined with the price differential of UAE crude oil, will certainly raise oil exports to even higher levels this year. Non-oil exports may, however, experience some short-term deterioration.

Apart from scrap metal, hides, skins and dried fish, the UAE exports a wide range of construction and transport equipment re-exported to Saudi Arabia (absorbing 27.5 per cent of non-oil exports in 1976), Iran (25 per cent), Oman (19 per cent) and Iraq (15 per cent). The re-export of port capacities in these major markets as well as the increasing propensity to consume in the UAE itself will tend to hold down the growth, but the premonitions of the UAE in Gulf trading partners will ensure the maintenance of this valuable re-export trade.

Import growth is also being constrained by chronic port congestion, well as, although less severely, by the import saturation of the economy. With imports per capita rising to 195 dirhams in 1976, the UAE is the most extravagant importer in the Middle East.

Accordingly, the pace of growth has been slowed from 10.4 per cent in 1974 to 5.7 per cent in 1976 and 1977. Much of this growth is a result of intensive development. For example, the market share of capital goods rose from 25 per cent in 1974 to 44 per cent in 1976. The share of consumer goods, despite persistent demand patterns, fell from 57.7 per cent to 42.8 per cent in the same period.

The choice of suppliers, also demonstrates a growing demand for high-technology goods necessary for development projects. OECD countries have consistently supplied about 75 per cent of total imports, up from 60 per cent in 1974.

Already, the share of traditional goods in the area has maintained a substantial part of the market but its position has been reduced by the success of Japanese goods and the share of imports from Britain has fallen from 26.5 per cent in 1970 to 17.4 per cent in the first half of 1976.

Japan's share has grown from 13.9 per cent in 1970 to 27.1 per cent in January 1976, the United States from 10.8 per cent to 15.5 per cent, West Germany from 3.8

Banking

Bloated by surplus oil funds and encouraged by liberal licensing policies, the banking sector has grown rapidly and the supervision of the UAE Current Board, the central banking authority set up in 1973 to issue currency and regulate the banking system.

At the time of its creation of indigenous banks, there were 14 with 80 per cent equity participation by U.A.E. and six locally incorporated commercial banks. Frequent ex-banks, plus a total of 26 banks with 160 authorized branches by March 1974 and 29 commercial banks (28 foreign and one local) incorporated with 246 licensed branches by January 1975.

A moratorium on new foreign bank branches and restrictions on additional offices of existing banks were then introduced to encourage the

Money supply and domestic liquidity (dirhams m)

	1973	1974	1975	1976
Money supply (M1)	969.9	1538.2	2602.9	47
Private domestic liquidity (M2)	2258.8	6035.5	8820.2	167
Overall domestic liquidity (M3)	3265.8	8774.7	15438.7	289
M1=currency with or outside banks plus private demand deposits of residents in dirhams and bank drafts.				
M2=money supply plus savings and time deposits of resident in local and foreign currencies, demand deposits in foreign currency and commercial pre-mature.				
M3=private domestic liquidity plus government deposits in local and foreign currencies.				

Source: UAE Currency Board

Bank credit to residents by economic activity, 1973 and 1976 (dirhams m and per cent)

Abu Dhabi and Dubai (dirhams m and per cent)			
Activity	1973 (December)		1976 (September)
	Amount	%	Amount
Agriculture	2.8	0.15	11.8
Mining/quarrying	5.9	0.33	14.3
Manufacturing	26.0	1.47	624.7
(Cons. materials)	(43.6)	(0.39)	(198.4)
Electric/gas/water	301.3	17.00	2485.7
Construction	1072.1	60.49	4382.7
Trade	(3138)	(177.1)	(1416.2)
Transport	28.6	1.67	231.9
Other financial	9.4	0.53	145.9
Institutions	137.4	7.75	532.9
Government	165.7	9.35	775.9
Others			
Total	1772.3	100.00	9758.5
of which —			
Abu Dhabi	427.5	24.13	3288.8
Dubai	1344.8	75.87	6469.7

Source: UAE Currency Board

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Trade

Imports per capita, valued at \$10,000, the highest in the world, saturation is expected at the port rates about 50 days. The rate of growth per cent in 1975 to 1976 with a decline expected next term because of the inability of the port to absorb substantial increases in the level of imports of the Port expansion programme. Construction of the port at Jebel Ali will provide much needed capacity in the longer term and some acceleration may be possible from 1979.

The composition of imports is also changing. The share of capital goods has increased from 19.7 per cent in 1970 to 38.1 per cent in 1976 and demonstrates the development boom in the area.

The proportion of consumer goods has, in contrast, fallen from 61.2 per cent to 47.1 per cent in the same period but still amply demonstrates the almost excessive degree of consumer consumption in Dubai. Imports of food, clothing and electrical appliances have been especially strong.

Imports by major country of origin ('000 dirhams)

	1972	1973	1974	1975	1976 (Jan-Jun)
Kingdom of Saudi Arabia	426,018	652,200	1,279,295	1,735,528	1,113,546
Yemen	327,895	561,208	1,092,028	1,680,386	1,151,281
Iran	304,431	531,478	919,818	1,444,825	1,018,723
India	86,828	157,759	461,664	751,743	488,206
U.S.A.	89,181	134,353	219,247	335,225	290,082
Japan	41,719	63,111	161,455	355,200	189,156
France	82,855	70,887	163,542	282,309	181,550
Germany	120,146	108,868	148,948	133,436	78,417
Italy	36,572	70,832	115,467	217,145	96,283
U.K.	75,134	138,930	330,198	568,881	393,055
Europe and China	78,147	139,297	381,522	431,157	247,027
Africa	188,539	221,308	538,230	864,147	389,281
Asia	14,204	74,079	172,200	184,588	112,763
Latin America	86,473	26,187	50,255	78,627	161,713
Other	87,882	121,043	305,775	400,952	114,805
Others	258,957	450,862	1,052,566	1,520,501	844,130
U.A.E.	21,381	87,410	282,219	385,088	151,471
Others	65,861	93,354	217,846	339,080	347,439
Others	36,782	51,730	190,521	199,847	86,292
Total	2,178,001	3,352,142	7,053,499	10,910,109	8,534,062

UAE Currency Board Bulletin

Abu Dhabi and Dubai: commodity classification of imports (dirhams m)

	1972	1973	1974	1975	1976 (Jan-Jun)
Live animals	245.5	344.7	822.3	1,020.8	515.1
and tobacco	58.4	75.5	112.0	152.2	108.9
Wheat, inedible, except	39.0	86.4	146.2	147.8	109.9
oil, lubricants and	111.5	169.8	637.3	780.9	438.5
materials	6.5	6.0	36.8	18.0	14.2
vegetable oils and fats	60.5	100.7	212.5	404.5	235.0
Foodstuffs, classified	511.3	886.1	1,387.4	2,384.1	1,808.0
materials	832.8	1,061.2	2,196.7	4,388.2	2,889.2
and transport equipment	309.9	414.8	618.7	1,051.7	552.6
our manufactured articles	35.0	24.4	48.2	112.0	55.3
Others	165.3	272.8	412.2	—	—
Total	2,178.8	3,352.1	7,053.5	10,910.1	8,534.1

Government of Abu Dhabi, Customs Department; Government of Dubai, Statistics Department; U.A.E. Currency Board Bulletin, vol 3, no 1, Nov 1976

Aid

The UAE's foreign policy displays the common denominators marking the external responses of almost all the small, oil-rich Arab states.

The principal aims of the UAE's foreign policy include the substitution of the regional balances of power to the advantage of the moderate and conservative expressions of Arab nationalism, the resolution of latent tensions in the Gulf and the Arab Peninsula, the promotion of a viable settlement to the Palestinian conflict and the creation of friendly relations in Asia and Africa to the exclusion of radical alliances and movements.

Like Kuwait and Qatar, the UAE has fashioned foreign aid into the principal instrument of such a policy. But the UAE's operation of aid programmes is almost unparalleled in its generosity, with foreign aid per capita reaching 2323 dirhams (\$2,100) in 1976. Abu Dhabi monopolizes the foreign aid schedules.

Foreign grants and payments:

Government of Abu Dhabi	(m dirhams)	1971	1972	1973	1974	1975	1976*
Grants	142.5	180.1	1121.9	1837.7	2154.1	2403.0	2403.0
Capital payments	106.5	142.8	116.6	563.9	2240.0	2909.0	2909.0
loans	93.1	141.9	90.9	277.9	1630.2	2500.0	2500.0
participations	13.4	0.7	25.7	286.0	613.8	409.0	409.0
Total	249.0	322.7	1238.7	2401.6	4376.6	5309.0	5309.0
Oil receipts*	1599.1	2075.2	3043.3	13702.5	14381.8	18014.0	18014.0
share of	—	—	—	—	—	—	—
foreign payments	—	—	—	—	—	—	—
(per cent)	15.7	15.6	40.7	17.5	30.6	29.5	29.5

* Estimates Source: Finance Department, Government of Abu Dhabi

ADFAED: Commitments by country to September 1976

Country	Number of loans	Amount (m dirhams)
Bahrain	3	200.00
North Yemen	2	44.00
South Yemen	2	35.58
Oman	1	60.00
Syria	1	51.43
Yemen	2	25.50
Egypt	3	206.40
Tunisia	4	46.20
Morocco	2	110.00
Sudan	1	80.00
India	1	68.00
Bangladesh	1	40.00
Burundi	1	4.00
Republic of Maldives	1	8.00
Total	25	980.28

Communications

continued from facing page

the other Gulf ports. Completion is scheduled for 1978.

Mina Saqi at Ras al-Khaimah is also scheduled for completion in 1978 and will have five general cargo berths for vessels of up to 16,000 tons as well as a roll on roll off berth. An additional berth for aggregates is also being constructed. Fujairah is as well developing a smaller-scale deep water harbour while Ajman has expanded its facilities to include a small drydock.

Airports have received the same lavish attention. In addition to its existing international airport, Abu Dhabi is building a new international airport at Al Ain and near Abu Dhabi town. The latter is scheduled for completion in 1980 when the existing one will close. Dubai's airport is being equipped with another runway and a new terminal building with improved

four-lane dual carriageways. International highways do not, however, yet exist although roads to Oman and Qatar are under construction. The link-up via Qatar to the trans-Arabian highway and direct access to Europe is unfortunately complicated by demarcation disputes over the last 25 km section, claimed by both Abu Dhabi and Saudi Arabia. Until completion of this section, probably in mid-1978, haulage rates will continue to prevail at about \$140 a cu metre for journeys to the UAE from Europe.

Dubai comparative figures of yearly tonnage landed ('000 tons)

	1974	1975	1976
Ocean vessels	1823.6	2140.7	3610.8
Country craft and road transport	79.8	63.1	91.0
Air freight	6.0	12.2	32.7
Coastal tankers	1007.6	1144.0	1309.0
Total	3086.8	3350.0	5043.5

Source: Dubai External Trade Statistics, January 1976 and January 1977

FOCUS ON

Research by Middle East Economic Digest/MEED Consultants.

per cent. Yet within the Middle East, the choice of recipients has been catholic—extending from conservative Oman to radical South Yemen, Syria, Jordan, Tunisia, Morocco and Sudan.

The non-Arab countries show an obvious Islamic preference—Bangladesh and, since September, 1976, Malaysia, Mali and Indonesia—but also include India, Burundi and the Maldives. While the geographic imbalance is being resolved, the failure of ADFAED to disburse its commitments remains severe. By the end of September 1976, only 173.75m dirhams or 17.7 per cent of the total had actually been distributed since 1971. Similarly, only 8.3 per cent of the 638.5m dirhams committed by the Government of Abu Dhabi and supervised by ADFAED has been spent.

ADFAED's overseas investments are far less substantial, amounting to only 8m dirhams by 1976. The majority—3,839.7m dirhams—of foreign participations are made directly by the Abu Dhabi and federal governments and include holdings in almost every single regional organization. The largest single participation is the 1,497m dirhams share in the Islamic Development Bank based in Jiddah followed by the 1,032.6m dirhams invested in the Cairo-based Arab Armament Organization.

In addition to the Islamic Development Bank, the UAE also has substantial shares in other regional aid agencies including the Arab Fund for Economic and Social Development (275m dirhams), Arab Fund for Technical Assistance to Arab and African Countries, Arab Fund for Loans to African Countries, Arab Bank for Economic Development in Africa (79.4m dirhams), the Arab Monetary Fund and the Gulf Organization for the Development of Egypt.

Telecommunications

The United Arab Emirates' role as a regional, commercial centre demands excellent domestic and external telecommunications.

Ever willing to enhance that role, the governments of the individual emirates as well as the federal Government have embarked on a rapid development of communications networks. As a result, the primitive, overworked telecommunications system operating in 1970 has improved dramatically.

The telephone system is now fully automatic with direct dialling to most parts of Europe, including Britain. The ratio of telephones to population is one of the highest in the Middle East, although still inferior to that of the UAE's main rivals, Bahrain and Kuwait, and there are 45,000 telephone lines and 3,000 telex stations in use.

By 1979, the number of telephone lines and telex outlets should have increased to 150,000 and 8,000 respectively, which should bring the UAE to the top of the Middle East telecommunications table.

In Abu Dhabi alone, during 1970-75, telephone lines in use increased 387 per cent to 9,153 and telex stations by 1,067 per cent to 385. Demand was almost equally aggressive. In the same five-year period, outgoing overseas calls leapt from 95,422 to 189,226, foreign cable traffic from 157,100 to 287,040 and, expressing the ubiquitous Middle East reliance on the telex system, telex calls from 11,184 to 302,230.

Dubai, with its traditional trading and banking links, has experienced an even more astonishing pace, with a 159 per cent increase in forwarded international calls registered in 1974 alone. The smaller emirates, especially Sharjah and Ras al-Khaimah, are promoting the same rapid pace of development.

Satellite rather than cable circuits characterize the telecommunications networks. An earth satellite system costing 20m dirhams was inaugurated in 1975 at Jebel Ali in Dubai and is capable of international telephony at a rate of 60,000 calls a year by 1985, international telex and colour television.

The existence of three earth satellite stations for a population of 700,000 expresses in part the rivalry among the individual emirates and the lack of coordination which has, until recently, characterized communications development.

Sharjahport

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A new concept in freight transport

The Emirate of Sharjah is the fastest growing state in the Gulf. Through offering an unusually favourable environment for private enterprise it is rapidly developing into one of the premier financial and business centres in the Middle East.

Sharjah's attitude to business is only one of the advantages of establishing trade links, another is location. Sharjah stands at the natural gateway to the rapidly expanding markets of the Arabian Peninsula and Iran. The Emirate is also developing quickly as the Gulf's main intermodal transport and freight transshipment centres.

Sea, air and land freight transport services and facilities are being carefully developed to cater for the Gulf's transport needs today — and for the integrated transport needs of tomorrow. The concept is known as "Sharjahport".

"Sharjahport" is the first intermodal transportation system in the Middle East. It offers shippers the opportunity to combine sea, air and land transport services.



Sea Freight

Port Khalid Sharjah has the first purpose built container terminal in the Gulf. The twin berth, twin crane facility was commissioned in August 1976 and has established service links to and from Europe, North America and the Far East.

Port Khalid also caters for conventional, palletised and Ro-Ro cargo.

By mid-1978, at Khor Fakkan on Sharjah's East Coast, "Sharjahport" will offer the Gulf's first transshipment port able to handle the world's largest container ships. Liner vessels operating via Suez and the Indian Ocean will be able to transship Gulf bound cargo to land and sea feeder services connecting with destinations throughout the Middle East and Iran.

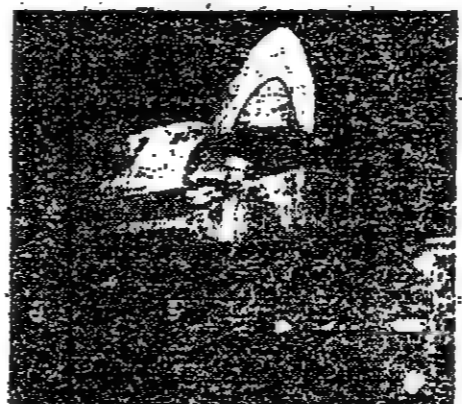
Shipowners will save the time and expense of roundtrip voyages through the congested Hormuz Straits.

Sea feeder links to and from Port Khalid and, beginning in 1978 Khor Fakkan — cover Bahrain, Kuwait, Doha, Dammam and the Iranian ports.

Air Freight

By-passing the congestion problems at other Gulf airports, and with its advanced cargo handling capability, Sharjah International Airport forms a key element of "Sharjahport".

Opened in January 1977, Sharjah International Airport is the first airport in the Gulf with purpose built cargo facilities capable of handling the largest wide body commercial aircraft in service.



It is being equipped as the first fully containerised air cargo terminal in the Middle East, able to handle both dry and refrigerated air cargo.

Sharjah International Airport offers the facility for maximum exploitation of intermodal air-to-sea cargo transshipment to suit shipper's requirements.

Associated with the airport is the adjacent development of an industrial and business park which will include sites for a free zone, light industry and airport related warehousing and distribution.



Land Freight

Sharjah is at the hub of the UAE's modern highway system, and "Sharjahport's" facilities benefit from first class highway connections and trucking services throughout the UAE and the Arabian Peninsula.

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GF010	1910	2115		0635		0815	0830
GF012	1910	2115		0635		0815	0830
GF014	1910	2115		0635		0815	0830
GF016	1910	2115		0635		0815	0830
GF018	1910	2115		0635		0815	0830
GF020	1910	2115		0635		0815	0830
GF022	1910	2115		0635		0815	0830
GF024	1910	2115		0635		0815	0830
GF026	1910	2115		0635		0815	0830
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GF030	1910	2115		0635		0815	0830
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GF034	1910	2115		0635		0815	0830
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GF042	1910	2115		0635		0815	0830
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GF048	1910	2115		0635		0815	0830
GF050	1910	2115		0635		0815	0830
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GF056	1910	2115		0635		0815	0830
GF058	1910	2115		0635		0815	0830
GF060	1910	2115		0635		0815	0830
GF062	1910	2115		0635		0815	0830
GF064	1910	2115		0635		0815	0830
GF066	1910	2115		0635		0815	0830
GF068	1910	2115		0635		0815	0830
GF070	1910	2115		0635		0815	0830
GF072	1910	2115		0635		0815	0830
GF074	1910	2115		0635		0815	0830
GF076	1910	2115		0635		0815	0830
GF078	1910	2115		0635		0815	0830
GF080	1910	2115		0635		0815	0830
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GF086	1910	2115		0635		0815	0830
GF088	1910	2115		0635		0815	0830
GF090	1910	2115		0635		0815	0830
GF092	1910	2115		0635		0815	0830
GF094	1910	2115		0635		0815	0830
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FOCUS ON

Insurance
and ports

Rapid increase in number of new berths

by Paul Routledge

A casual visitor to the United Arab Emirates, sailing along that once-deserted coastline, might well ponder the purpose of the frenzy of building that meets his eyes. The din of construction disturbs the calm, and dust rises from work on artificial promontories stretching out to sea. The answer is that a very noisy revolution in port development is going on, with the emirates competing madly with each other to cash in most on the Gulf's cargo and container boom.

And the reason for that revolution is not hard to find. Since the Opec quadrupling of oil prices, the emirates have a lot of money to spend. Practically nothing is yet manufactured locally, so it all has to come in by ship, whether it is beer or steel. The reopening of the Suez Canal resumed the cheap travel link with Europe, and a veritable flood tide of imports is now finding its way into the UAE.

To cope with today's volume of traffic, and the greater quantities expected in the future, ports that 10 years ago could barely accommodate lighters let alone the heavy Arab dhow are being extended and extended again to take the biggest and most complex cargo ships afloat.

Most of the development is taking place on a short stretch of the UAE's Gulf coast, with the exception of a new deep-water port being built on the Gulf of Oman, facing out to the Indian Ocean. It is rather like building five more Southampton on the Hampshire coast. The pace of development causes some of the more seasoned dock operators to shake their heads in apprehension: it must leave the country with too many berths chasing too few ships, they argue.

Port Rashid, as Dubai is the oldest of the ports with a long tradition as an entrepot (and of piracy). Only 20 years ago, the creek was opened up to above. Now there is a fully fledged port where 19 berths are coping with more than four million tons of cargo a year.

Two container cranes have been commissioned this year, and three heavy-lift cranes are included in a \$200m investment programme which will boost the number of berths to 37. New breakwaters are being constructed, and land reclaimed to extend the port area. When completed, Port Rashid will be able to handle 13 million tons a year.

That there is a need for more berths is undeniable. Flying over Dubai, you can see two dozen ships at anchor awaiting their turn to tie up and discharge. The present delay is 65 days; vessels call in about 2,000 containers on to the next port of call after reserving a place in the queue.

Also in Dubai, Sheikh Rashid bin Sayed al Maktoum is pushing ahead with a vast new 74-berth port at Jebel Ali, some 20 miles south of the capital. This huge \$400m venture will be linked to a new petrochemical-industrial complex. Four berths are scheduled to be ready for direct delivery of building materials by the end of the container revolution has arrived in Port Rashid with two cranes supplied by Sea Containers, the Britain-based but American-owned leasing and shipping firm. About 2,000 containers a month are passing through Dubai, but there is strong competition 12 miles away in Sharjah, where the fast-growing Port Khalid has leased two cranes from Sea Containers. Searamin, an American company, is operating the terminal there, and it has big expansion plans.

Port Khalid, operating from five berths, will be up to nine by the end of the year, and construction should follow by the end of 1979. Sharjah's port has the first purpose-built container terminal, and is handling 4,000 container units (TEUs) a month. The familiar orange steel boxes of Sea Containers, which lease most of the containers used in The Gulf, are stacked in neat rows on a hard-standing off the quayside. It looks, and is, an impressive operation, but Sharjah also claims a "secret weapon".

in the new deep water port facing the Indian Ocean at Khor Fakkan.

This port, due to open in mid-1978, is designed to ramp vessels away from the politically-sensitive Strait of Hormuz and the congested ports of The Gulf. On the map it looks isolated, but a road-building programme is bringing this coast into the network of highway connections that will put Sharjah in direct contact with the whole Arabian peninsula market. Khor Fakkan, equipped with a 1,300ft long quay, will be able to take the largest container vessels now operating with two 40-ton cranes.

Mr Robin Crawshaw, president of Sharjah's Port Management Services, which operates Port Khalid and Khor Fakkan, believes that with container ships costing up to £10,000 a day to run, shippers will be attracted to a port that involves a shorter diversion from the main east-west shipping lanes, and a ready-made trucking operation into the emirates and beyond.

He says that too many general cargo berths are being built at other ports, when experience shows that once a trade starts to develop it becomes 50 to 60 per cent containerized.

Such thinking does not appear to impress the ruler of Abu Dhabi, the richest of the states, where Port Zayed, which had only three berths in 1972, is expanding to 21 by the end of this year and 29 by the end of 1979. Dredging, tipping and pile driving is going on incessantly, and a contract has been awarded to a South Korean firm to build a breakwater designed to protect a further 34 berths.

As if that were not sufficient to cope with the influx of trade ("practically doubling every year", according to Mr Arthur Burn, head of the Gray Mackenzie shipping station there), Abu Dhabi is planning its own version of Jebel Ali—a huge port at Al Ruwais near the oil terminal of Jebel Dhanna. The port will be connected to a \$1,200m industrial centre with petrochemicals, a steel mill and other plants.

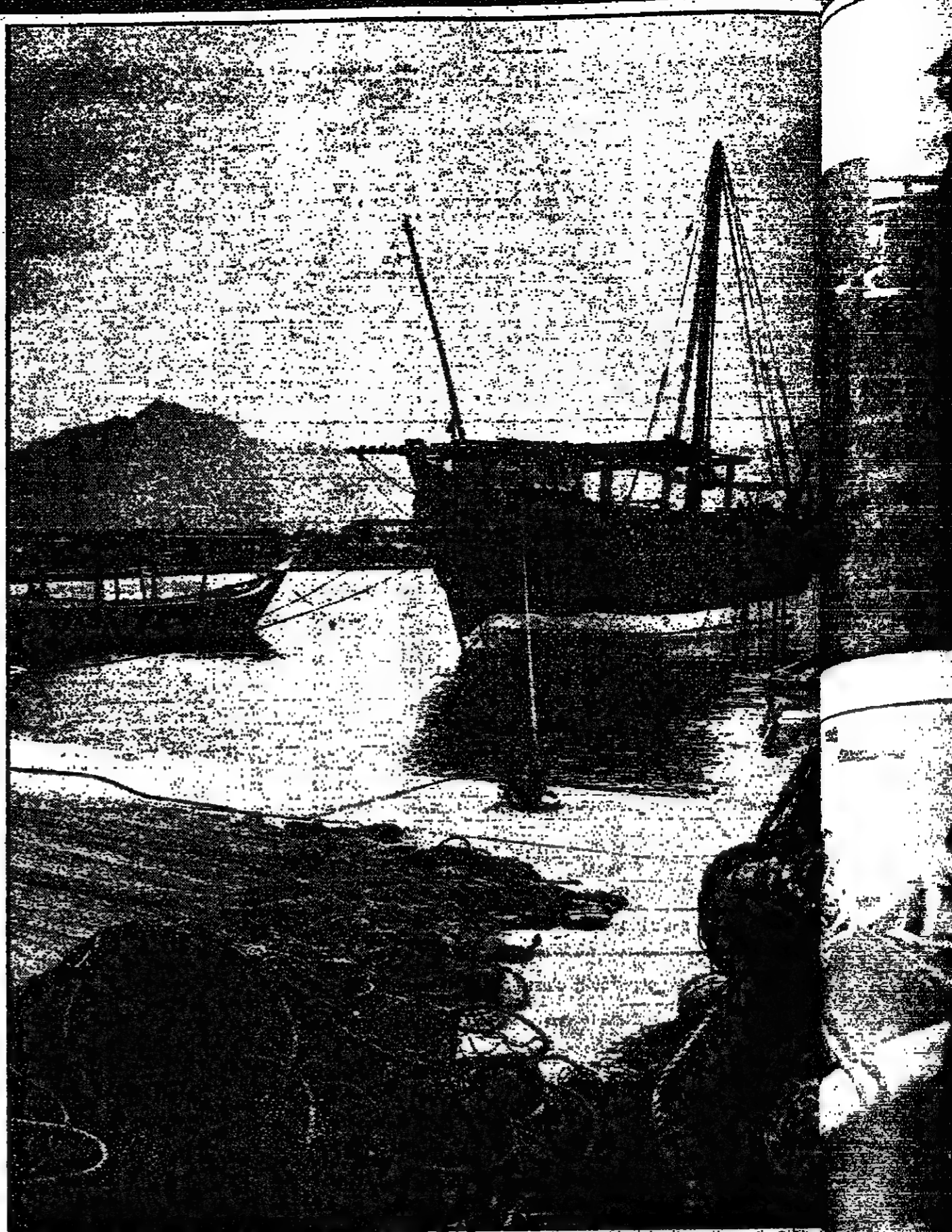
Abu Dhabi has been slow to get in on the container race, but the intent is there. Three Yugoslian ships are offloading about 180 containers a month, and others bring the total up to about 250. Port Zayed's capacity to take advantage of the container boom is handicapped by lack of storage space, although three berths for the trade are expected to figure in the extension scheme.

The smallest states of the UAE are not to be left out of the reckoning. Ras al Khaimah, with a population of that of Wakefield, is to have a six-berth port next year. The small state of Ajman is dredging to improve its wharves, chiefly for fishing vessels, and federal funds are being diverted to help the indigent state of Umm al Qaywayn to expand its wharves. A new two-berth port under construction at Fujayrah, on the Gulf of Oman, some 20 miles south of Khor Fakkan at the centre of the UAE's most attractive natural tourist area.

The prospect of berths for about 300 ships by 1980 where there were practically none a decade ago does not appear to perturb the shipping-conscious rulers of the UAE. In so far as their aims are a matter of informed knowledge and comment among the expatriate managers to whom it falls to run the ports, they are regarded with a certain bemused admiration. They might shake their heads in disbelief as one heady scheme is topped by another more ambitious; but they add, that was their reaction five years ago when the shipping boom started in earnest—and now look at us.

Perhaps the history of the Trucial States has something to do with it, as well as the whisper of economists into shajhs' ears. Native sailors first gained notoriety as pirates: their fleet was reckoned 800 strong as early as 1809. Now, with the birth of a modern nation, a new kind of entrepreneurial spirit is about. Instead of sending out armed vessels, the emirates are investing their oil capital to lure in the lucrative trade off the high seas.

The author is Labour Editor, The Times.



The waterfront at Khor Fakkan.

Facing page: Port Rashid harbour (top);

a dhow carries melons in Dubai



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Telex: 3231 (80 lines). Telex No.: 212481 & 212880
Address: Bank Mellat, For International Dept.: Intmelli

and Reserves: Rials* 20,320,500,000
Deposits: 478,202,137,350
Assets: 670,468,276,472
(as at March 20, 1976)

Mellat handles all commercial banking transactions across network of over 1,600 branches at home, together offices abroad, and its connections with leading banks all over the world.

For further information please contact our International Department or any of our branches listed below:

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3. Branch No. 2, P.O. Box 9083, Deira, Dubai. Phone: 32726/7
4. Main Branch, Box Al-Fahim, Deira, Dubai. Phone: 32327
5. Capital Sub-Branch, Red Lion & Sun, vicinity of Iran Hospital, Jumeira, Dubai. Phone: 40608
6. Crubeh Street, P.O. Box 469, Sharjah. Phone: 22510
7. Main Sub-Branch, P.O. Box 459, Sharjah. Phone: 22090
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Wealth may prove costly lure to insurance men

by John Brennan

The United Arab Emirates is widely viewed as the last open frontier for foreign insurance companies in the Arab world. The seven emirates remain uniquely receptive to foreign business. But as insurers from this world's markets flood into this enclave of free enterprise there is a growing danger that for many more costly than effective.

Arab critics of foreign companies' participation in the direct insurance markets of the Middle East feel that fierce competition in the emirates will in the long run prove to be counter-productive. Loss-leading by foreign groups may enable them to break into the market. But to rely on business which is a side effect of accepting prestige risks is to underestimate both the pace of development in the local UAE insurance market and pan-Arab pressure for localisation of national markets.

As a politically stable and open market, and because of the UAE's own oil wealth as well as its position as a key trading centre for the Gulf, the main cities of Dubai and Abu Dhabi act as a magnet for insurers. Many office walls in the cities carry the name plates of companies and agencies of British, Swiss, German, American, Japanese, Lebanese and Kuwaiti insurance groups. And the list of the British insurance brokers and companies involved in the market either directly or indirectly through agencies reads like an insurance Who's Who. But can the UAE sustain this onslaught?

On the face of it statistics produced by the UAE Monetary Board could be taken to show that there is room for everyone in the market. In 1974 the board shows that direct insurance premiums within the emirates amounted to 78.8m dirhams (\$20.2m). By 1975 premium income had risen by 78 per cent to 140m dirhams. And with more than \$3,000m of oil revenues to spend each year the pace of development within the UAE underpins a continued boom in premium income.

A closer look at the figures presents a less encouraging picture for the local direct market. In the 1975 figures it emerges that, despite the apparent freedom of the market, national companies with majority local shareholdings accounted for 44 per cent of total premium income. Those big risks attract the publicity, and rightly so. But "target" risks of this sort now account for less than two thirds of the UAE's direct insurance trade.

Motor cover produced 29 per cent of 1975's premiums, and much of the underwriting losses. General fire, accident and personal cover lines increased from less than 20 per cent to just over 25 per cent of total premiums between 1973 and 1975, and the growing Indian and Lebanese business communities in the UAE are bringing with them a greater awareness of life cover, although this business is still in its early stages.

foreign companies operating in the local direct market. From the 1975 figures it emerges that, despite the apparent freedom of the market, national companies with majority local shareholdings accounted for 44 per cent of total premium income.

Gulf, primarily Kuwaiti—groups accounted for another 11 per cent and what the Monetary Board describes as "other" Arab companies, which include locally managed agencies with Arab shareholdings accounted for a further 18 per cent. That left 25 per cent of premiums for foreign direct insurers, which might seem a satisfactory share but for the disproportionate effort and costs involved in setting up these branches and their dismal claims experience.

The Monetary Board's statistics hammer home the point that, if there are no legal requirements directing good business towards local companies, there are effective social pressures which achieve much the same effect. And the claims figures also underline both the effects of loss-leading by overseas groups and the difficulties they face in trying to use expatriate staff in competition with locals who truly know the market.

Claims costs for the national companies ran to 19m dirhams, just 31 per cent of their premium income, in 1975. Claims costs of 62 per cent for Gulf companies compared with costs of 48 per cent of premiums for the Arab companies. Against that impressive record of underwriting profits the foreign companies recorded claims of 23m dirhams on an income of 25m dirhams, claims experience of 92 per cent before allowing for expenses.

It may be unjust to treat the 1975 figures as typical, given the inevitable teething troubles that face foreign companies establishing branch offices. But the local national, Arab and Gulf companies' built advantages in the direct market give them a competitive edge that they are busily capitalizing on, and so there will be no sudden riches for the newcomers however fast the overall market develops.

From Europe the UAE may appear to be a tempting collection of major construction and industrial markets. The author is Insurance Correspondent, The Times.

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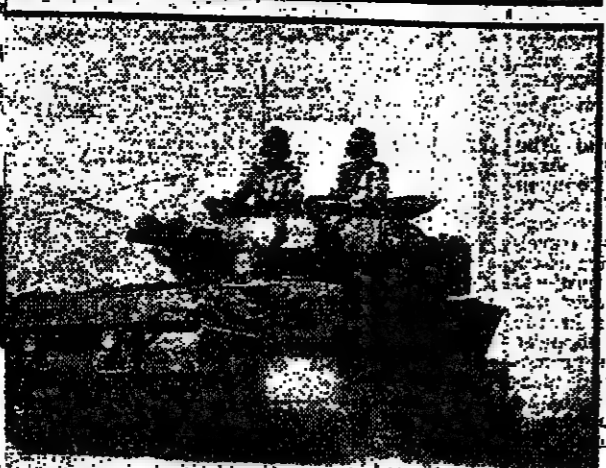
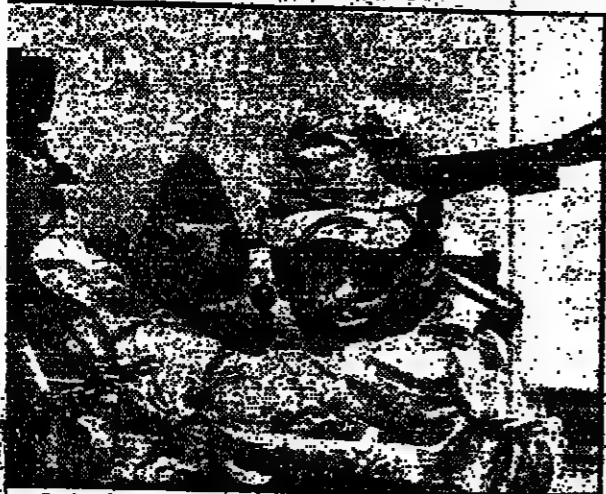
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Members of an artillery unit get a 105mm gun into position during the exercise. The UAE Armed Forces have a strength of about 20,000 men and are equipped largely with British and French weapons. As well as the Scorpions army has British-made Saladin and Shorland armoured cars, Ferret scout cars, Rapier and Vigilant missiles.



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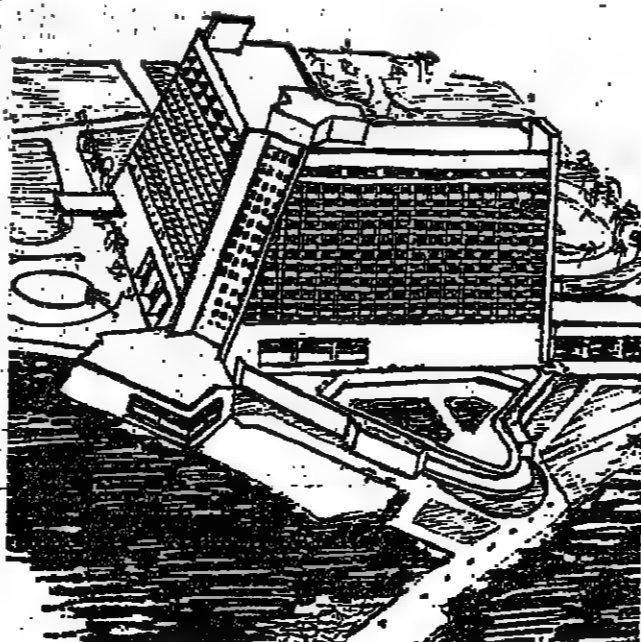
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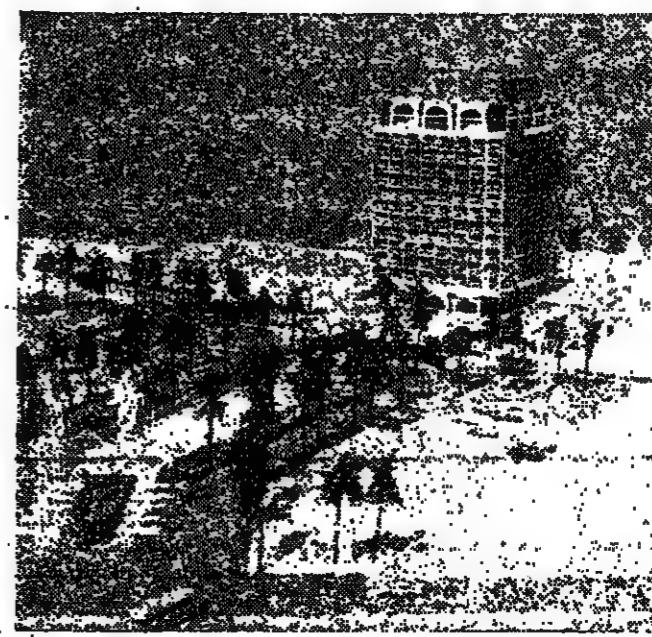
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FOCUS ON

People

Nasser al-Nowais (late twenties); deputy director of the Abu Dhabi Fund and since June 1 one of the triumvirate which has taken over the currency board in the aftermath of the banking crisis. (Abu Dhabi)

When he arrived back home in Abu Dhabi after graduating in New York in 1974, it was to be three years before Nasser al-Nowais took a holiday. Although America had been only the second foreign country he had visited, he was to go to another 30 in the next three years, dispensing about \$250m in aid. After getting to know most of Asia and Africa as well as Europe and the United States, Mr al-Nowais remains unimpressed in general and Anglophile in particular.

At the start of this month he was elevated to a commanding position in the economic hierarchy as one of the triumvirate which took over the currency board after a crisis in the banks.

Although born in Abu Dhabi, Mr al-Nowais's family had been attracted to neighbouring Qatar, then under-

going its early oil-based boom, in his infancy and as a result of Qatar's superior schools, had become the first member of his family to acquire an education.

The Qatari Government, then, as now, offered children monthly pocket-money as an inducement to stay on at school and in due course Mr al-Nowais finished his secondary school education and returned to Abu Dhabi, by this time itself enjoying initial oil revenues. His father, Shaikh Zayed, was passionately keen to educate the sons of his people and young Nasser was sent immediately, with five contemporaries, to England.

His trip to the United States was a pioneering visit for a citizen of the UAE. Shaikh Zayed had had reservations about sending him there alone but the Foreign Minis-

ter had encouraged the idea. They had no contacts or well established channels in the country and no personal friends to turn to in case of need.

Mr al-Nowais, though keen to travel, nearly left New York in despair after his first three months. The disagreeable aspect was something he discerned as strong anti-Arab prejudice. Frequently harassed and taunted, he decided to arm himself with some research on the Middle East and the situation of education and technical training. That issue, he feels, is of more consequence for the future of his country than the present controversies over inflation and the conduct of commerce in general. Without trained manpower, there will be no UAE economy to worry about.

New York taught him about poverty as well as prejudice and he developed an interest in the minorities and their difficulties. By this time he had realised that the UAE was never going to be a

scientific and had changed to business management, with which he was much happier.

Since returning to Abu Dhabi to take up his present position at the Abu Dhabi Fund for Arab Economic Development (ADFED) in 1974, Nasser al-Nowais's main preoccupations, apart from travelling in Asia and Africa assessing development projects and becoming arguably one of the busiest men in the Middle East, are manpower in the UAE and the promotion of education and technical training. That issue, he feels, is of more consequence for the future of his country than the present controversies over inflation and the conduct of commerce in general. Without trained manpower, there will be no UAE economy to worry about.

Sulaiman al-Jassem (aged 26); head of Emiri Diwan, Fujairah, Cairo and Oxford graduate, promising young diplomat. (Fujairah)

As a job description, "Head of the Emiri Diwan" may require some explanation. In more familiar terms, the Head of the Diwan combines the functions of the Controller of the Queen's Household, the Prime Minister's personal assistant, the Ombudsman and the Marshal of the Diplomatic Corps.

On the one hand the direct link between the citizen and the Ruler, above the bureaucracy, to whom people present their grievances and through whom they approach their Ruler, and on the other the organiser of the Ruler's household, and the person with whom the visiting VIP will have the most dealings, he is, in short, a close second in importance to the Emir.

In Al Fujairah, the most remote of the seven emirates, lying actively beyond the Hajar mountains on the Gulf of Oman coast, the present incumbent of the post is just 26 years old.

It was in Europe, during

trips to London, Paris, Bonn and Brussels, that he picked up the ideas which now make him, if not unique, at least very unusual among his compatriots: Mr Sulaiman al-Jassem hates inefficient organisation and time-wasting of any description.

The son of a small businessman who was himself literate and had travelled a little in the Gulf, Mr al-Jassem, went to a local mullah to learn the Koran. In 1958 the east coast was revolutionized by the opening of a modern school in Khor Fakkan, to which he was sent with his brothers and, remarkably, his sisters. A good pupil, he went on to complete his secondary education.

For a year he taught in a school which had opened in Al Fujairah itself, but jumped many rungs up the ladder when the elderly Shaikh Mohammed bin Hamad al-Sharqi, now dead, recommended him for a course in public adminis-

tration at Cairo University to be financed by the new United Arab Emirates Federal Ministry of Education.

Cairo was Mr al-Jassem's first trip abroad and his first big city. Arriving with three Fujairah contemporaries, he was enthralled by its size, activity, variety and history and by the learned and pious atmosphere of Sirina Zaimah.

With the happiest memories of studenthood in Cairo, he returned to the UAE, to the capital, Abu Dhabi, and worked for a spell at the Ministry of Foreign Affairs in the diplomatic corps. He was later selected for the diplomatic course for foreigners at Oxford.

Returning to Al Fujairah in 1975, Mr al-Jassem was chosen by the new Ruler, Shaikh Hamad bin Mohammed, himself the youngest member of the UAE Government, to head the Diwan. As well as striving to introduce to his

country an efficient organization and respect for the clock—the aspects of life in Europe he misses most—al-Jassem feels very strongly that some measure of consumer protection is called for, a view rarely encountered in this land of the allpowerful merchant class.

Price and rent controls are his goal. On the international level he sees the world's problems as fundamentally economic and, like other citizens of the Third World, divides the globe not into East and West but into rich and poor, the latter including the UAE despite its oil revenues.

He sees inflation as the greatest threat to stability and believes a long-term agreement on raw materials is the best course. On the Middle East, he shares the common view that Israel could be persuaded to accept any solution the United States cared to make it accept.

Aisha Sayyar (early thirties); Director of Social Services at federal Ministry of Education; only UAE woman to reach director level; UAE's first woman graduate and only woman MA. (Sharjah)

Aisha Sayyar, a pearler's daughter, was the UAE's first woman graduate and is still its only woman MA. She is a determined person, has never worn a burka in her life and devotes herself now to encouraging young people, particularly girls, to use their potential to the full.

An enthusiastic traveller, Miss Sayyar thought her hand was excusing until the United States State Department gave her a 35-day tour of America this May, the first UAE woman to receive such an invitation. Accustomed to making history by now, she is preparing her doctoral thesis to become the UAE's first woman PhD (there are just two men doctors to date).

The Sayyar ancestors

were in the Gulf's historic pearl trade. Aisha's father was a merchant, a businessman, although not educated in the modern system. The other members of the family, including the women, were also literate and versed in the Koran. Sending daughters to secular schools was none the less slightly out of the ordinary 20 years ago and by the time Aisha had persevered as far as secondary school, only four girl classmates left.

Kuwait in those days financed many of the education and health services in the lower Gulf and it was with a Kuwaiti grant that Miss Sayyar went to Ain Shams University, near Cairo, to take her history degree.

Returning home, her with their education? By country's sole girl graduate, Aisha taught history for two years but then decided to go back to Cairo to study for her master's degree, writing her thesis on the history of the Oman coast and East Africa in the Portuguese period.

Today Miss Sayyar is director of the Social Services Department of the Ministry of Education, which involves her in identifying and trying to solve social problems such as poverty, handicap, opposition to modern education, standing between a child and his full development, as well as promoting education in general.

A new problem, in which Aisha is very interested, is the future of the thousands of girls now at secondary school. What can they do

with their education? By country's sole girl graduate, Aisha taught history for two years but then decided to go back to Cairo to study for her master's degree, writing her thesis on the history of the Oman coast and East Africa in the Portuguese period.

Today Miss Sayyar is director of the Social Services Department of the Ministry of Education, which involves her in identifying and trying to solve social problems such as poverty, handicap, opposition to modern education, standing between a child and his full development, as well as promoting education in general.

Abd al-Ghaflar Husain (late thirties); deputy director of Dubai Municipality, part-owner of floating hotel, many other business interests including partner of Sir Alfred McAlpine. (Dubai)

The story of the deputy head of the Municipality (Dubai's GLC) is a Dubai story. In his own words, Abd al-Ghaflar Husain is middle-class and self-made; he is also shrewd, affable and an Anglophile.

Today he combines his local government work with a wide range of businesses—Mr Husain is part-owner of The Gulf's first floating hotel—many of them representing United Kingdom firms. He has no qualms about the number of foreigners in Dubai and is a convinced free-trader.

He also argues that the cosmopolitan lifestyle of modern Dubai and the old, simple life are not mutually preclusive. Abd al-Ghaflar Husain's father was an employee of a

member of the ruling family and a small businessman who was not educated but travelled between Dubai and Oman in pursuit of trade. Abd al-Ghaflar Husain's education was at the hands of a local mullah and later the famous al-Ahmediya school which offers a thorough education in classical Arabic literature and the Islamic faith. Its alumni are to be found in many similar government positions in the emirates.

Abd al-Ghaflar studied for his secular secondary school certificate while already working at the Municipality. Although there must have been more than one reason, he cannot remember having much contact with them, except for some Indian traders and one or two Europeans. He was exposed to no foreign influence.

Nowadays Abd al-Ghaflar has a small flat in London and many English friends and business partners. In 1966 he attended an international language course which involved living with an ordinary family in Bourne-mouth. He was the first Arab that family had met and they treated him exactly like one of themselves. He has never subscribed to the common view that the English are aloof.

As part-owner of the ex-Chandris Line cruise ship Bon Vivant, now anchored in Dubai Creek as a hotel and restaurant, local partner of Sir Alfred McAlpine on a huge construction project, director of several light industries and agent for a wide range of overseas concerns, Abd al-Ghaflar both contributes to and benefits from a cosmopolitan, free-enter-

prise economy of Dubai. "We need foreigners," he says, and the issue does not worry him unduly. What he does worry about is the unskilled duplication of schemes whereby identical projects are springing up in each emirate without proper regard for future requirements. Apart from the virtues of planning, however, he is broadly opposed to intervention in the market, even with rents and food prices at today's levels.

On the subject of the old days, Mr Husain is perplexed. He remembers Dubai who want the Municipality to preserve the Bastakiya—the decayed old houses on the Dubai side of the creek with their characteristic wind-towers. "How can we say to the people, you will continue to live in these conditions so that the tourists can come and look at you?" he wonders.

Faraj bin Hamoodah (aged 30); vociferous member of National Assembly, a director of the National Bank of Abu Dhabi, owner of one of the largest trading concerns in Abu Dhabi. (Abu Dhabi)

Faraj bin Hamoodah, aged 30, was born in a clay and mud fortress in the oasis village of Al Jeem, near Al Ain. As a boy his life and that of the whole community was affected by the rice famine; today his philosophy of life is based on the view that the world is small and nations interdependent.

During his boyhood the family, like the others of the neighbourhood, were half-Beds in that they travelled in the winter with their flocks in search of pasture, but returned in the summer to the houses they maintained in the village.

All, Mr bin Hamoodah's father, was a notable of Al Jeem, a mediator and shaikh—who in this particular system was a job won easily.

In 1960 Mr bin Hamoodah decided to get a modern education and learn English. His elder brother, secretary to Shaikh Shakbut in the capital, advised that the best school in Abu Dhabi was the training centre-run by the oil company Abu Dhabi Marine Area.

His 10-year education with the company was to take him to England in 1966 and to Wales in 1967, where he worked in a Swansea refinery, living with a very religious family which held strong views about a young man's social life.

It was not a happy period of his life. He was defeated by union demarcation rules and depressed by the ugliness of the industrial landscape. The six-day war broke out that June and by Ann Fyfe

everyone he knew was strongly pro-Israel. He returned to Abu Dhabi in 1968 and instead of the Civil Service jobs for which an educated Abu Dhabi citizen was much in demand chose to take his chances in the transport business then being set up by his brother.

Since then Mr bin Hamoodah's story has been one of success. He employs about 400 people, including 60 or so Europeans, and admits to being a millionaire. But business is only one facet of his life. He is well known as an active member of the National Assembly and is much concerned with politics generally.

These profiles were written by Ann Fyfe

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THE SUDAN IN THE GULF

FOCUS ON

Immigration



Dubai commuters make their way to work along the creek of Port Rashid.

Indians greatly outnumber the local Arabs

by Denis Taylor

The United Arab Emirates has one of the highest immigration rates in the world. The census of December 1975 gave a total population of 655,937, but no figure of the number of immigrants has ever been made public. Clearly the size of the population came as a shock, being very much higher than expected. Estimates of the number of outsiders in the UAE vary widely, but the most cursory inspection of the streets of Abu Dhabi, Dubai and Sharjah shows that people from the Indian sub-continent vastly outnumber local Arabs. It is usually believed that the ratio of immigrants to UAE nationals is about five to one.

According to one well-placed source, there are only about 100,000 UAE citizens, about 80,000 Arabs from other countries and more than 300,000 from India, Pakistan and Iran. There are two difficulties in trying to assess the number of immigrants from across the Gulf and the Arabian Sea. First, many are temporary workers in the UAE. Second, a large proportion have arrived there illegally or overstayed the time permitted by their visas.

Although the Pakistan Embassy in Abu Dhabi suggests that the number of Pakistanis illegally in the UAE is very small now that Islamabad as well as Abu Dhabi has tightened controls and penalties against such traffic, it is probable that more than 100,000 immigrants are in the emirates without the necessary permission.

paid savings to agents who had promised them visas from Iran. There is a large, after reaching the emirates, and that the Pakistani authorities at the point where the intending immigrants are surrounded by the people, sounds and spices of the subcontinent is enough to make one forget for a few minutes that one is in the Arab world.

The existence of a boom in the economy to close to the poverty-stricken countries of the sub-continent makes the UAE a natural magnet. The construction industry is heavily dependent on immigrant labour, particularly the Pakistanis and Baluchis. Baluchistan straddles Pakistan and Iran.

Under the agreed method of recruiting foreign labour, employers in the UAE grant visas to workers already employed by them. European expatriates, work through agents in the sub-continent. Companies also apply for visas for men recommended by trusted workers already on the payroll. Firms can get group visas for about 50 workers at a time.

Some immigrants coming as contract labour to British or other foreign companies acquire a second passport and use it to get jobs with local Arab employers who often pay higher rates. Penalties have been laid down against unauthorized immigrants and those who employ them. Such workers can be deported.

Employees have also been deported after strikes, which are unlawful but occasionally occur. Trade unions and other aspects of labour relations taken for granted in the Western world do not exist. Although living quarters, which employers are obliged to provide for immigrant workers, are basic, workers can earn much higher rates than they would at home. They are normally housed in tents.

Expatriate firms pay similar rates. One told me that the daily rate for a labourer was 23 dirhams (about £2.50). A skilled tradesman, like a carpenter, could get 37 dirhams and a foreman about 50 or 55 dirhams. The skilled were usually Indians.

Immigrants are not allowed to bring in their families unless they earn more than 2,000 dirhams a month. Ethnic origin is not always a good guide to someone's place in the community. Persian merchants, for example, have long settled on the Arabian side of the Gulf, and they should not be con-



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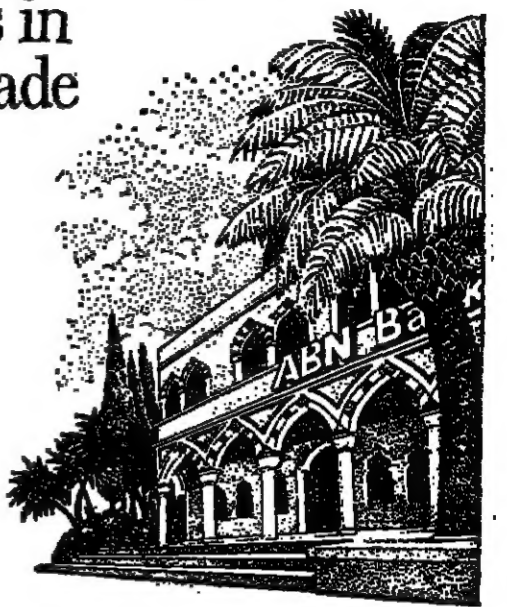
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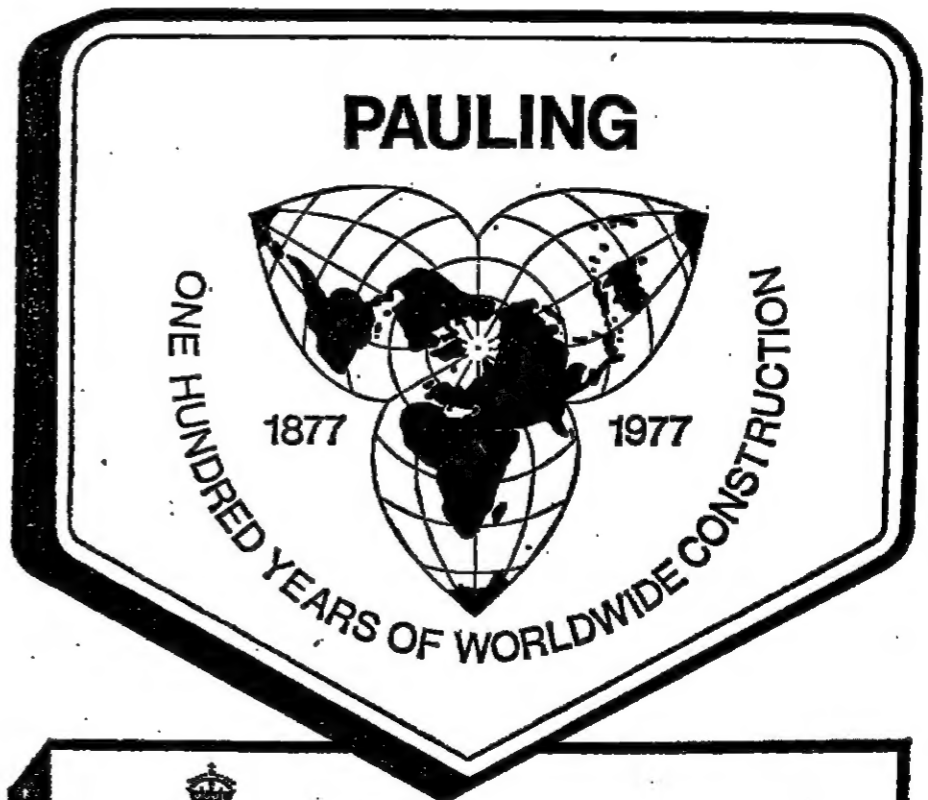
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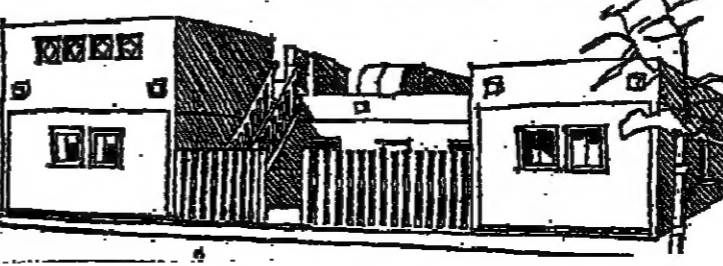
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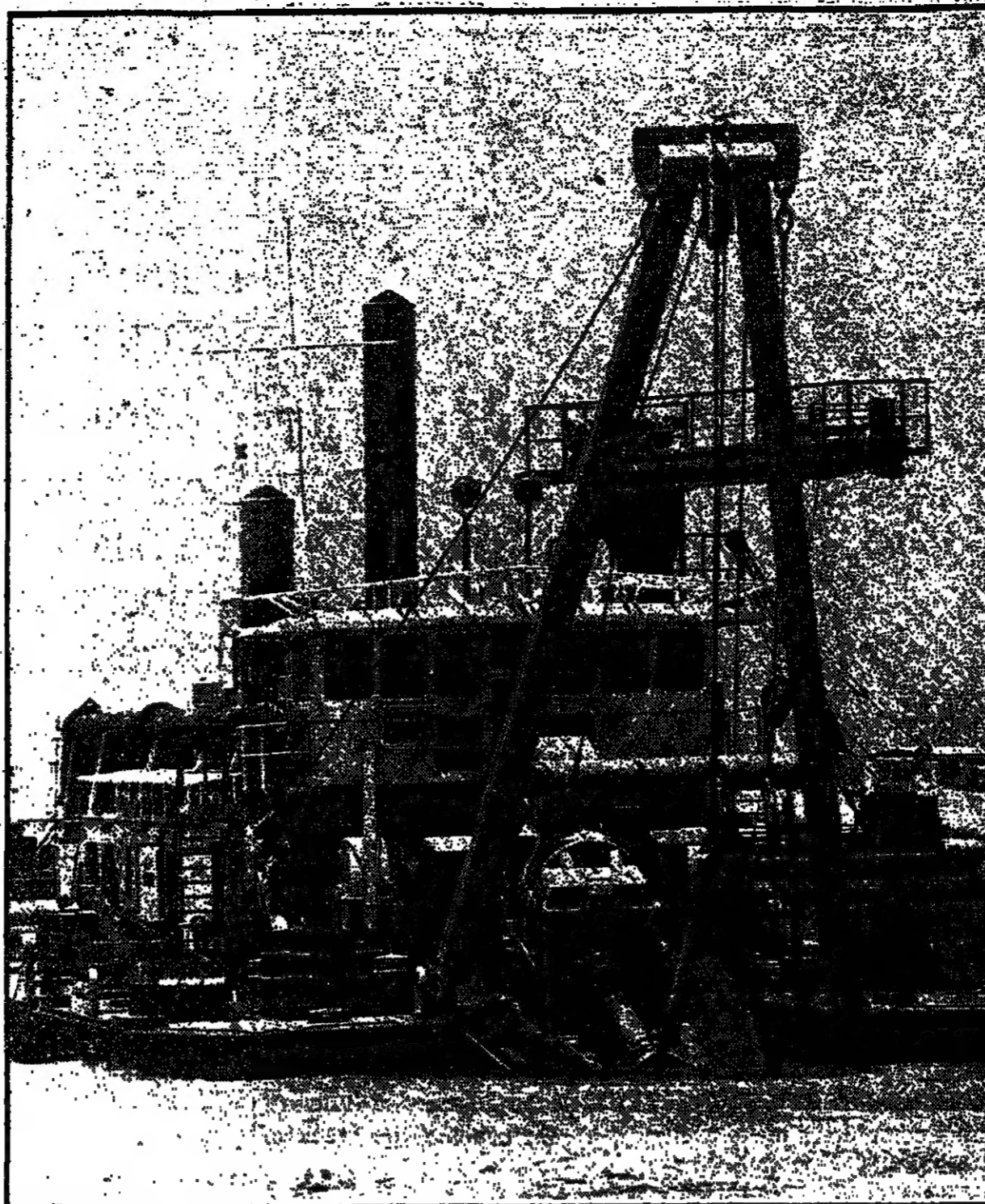
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FOCUS ON Industry



Cutter-suction dredging at Jabal Ali where a new port emerges on an uninhabited coastline.

Nation shifts gear into production

by Paul Routledge

With its vast oil revenues, the UAE is actively promoting a programme of investment in industrial basic services in expectation of a fundamental shift in the way the nation earns its living. Although oil strikes are reported regularly, the shaikhs are clearly looking beyond the time when the oil dries up to a sustainable pattern of economic activity that will prevent the federation falling back into its old unproductive ways.

Wrecked cars in the desert off the main Dubai-Abu Dhabi road are stark evidence that the UAE has made the transition from the camel to the car in one, rather dangerous, leap; and the economy is poised to make a similarly risky jump from a single source of wealth to industrial diversification. So far, the emphasis has been, as it must, on establishing the basic requirements for a modern industrial state, starting at the shore and moving inwards.

The ports of the UAE will be equipped not only to handle the distribution of goods throughout the Gulf, Arabia, Iran and the north-west of the Indian sub-continent, but to service the growth of industry. New trunk roads are connecting the proposed centres of industry. Bridges, electricity generating stations, the rudiments of a national grid and desalination plants are being ordered.

The emirates' order book

for industrial technology and plant is substantial by any standards. The shaikhs are buying in bulk from Britain, Japan, Germany, the United States, France, Greece and even Peru.

Dubai has already started work on the Jebel Ali site about 20 miles south-west of the capital. On hitherto uninhabited coastline, a new port is being built. Such is the hurry to get a neighbouring industrial complex into production that berths will be brought into operation as direct-delivery points as soon as the piles have been driven in. The Jebel Ali plans include a British-built aluminium smelter, and an associated extrusion plant; a liquid petroleum gas plant; a steel works; a desalination plant; and an oil refinery.

Elsewhere in Dubai, a cement plant capable of producing half a million tons a year is being built. To act as a showcase for its industrial achievements, Dubai is building a £100m international trade centre—a 39-storey tower block rising out of the desert outside the capital.

Abu Dhabi is working on a rival industrial complex at Al Ruwais, about 70 miles west of the city. Work will start in perhaps six months on a port to bring in construction materials, expanding to a complex embracing a domestic oil refinery, a steel mill, an ethylene cracker, a polythene plant, an ammonia plant and a fertilizer factory. Kofi Steel of Japan is considering participation in the steel project; United States interests and

a French consortium are negotiating about some of the others.

In other parts of the richest state in the UAE, which has banned industry from the coral island of Abu Dhabi itself, there are to be a flour mill, an acid plant, steel pipes and steel reinforcing works; factories making bricks, tyres and possibly asbestos. A complete survey of industrial prospects for the state is also being set in train. Consultants are being selected.

There are also federal projects—a bridge at Ras al Khaymah, a dual carriage way from Sharjah to Daid, power station extensions, gas and electricity distribution networks. These projects are believed to be funded primarily by Abu Dhabi's disproportionately large wealth, but the smaller emirates do have industrial ambitions of their own, though on a much reduced scale. Ras al Khaymah is to double and redouble the output of its cement plant to a million tons a year with help from Kuwait, and Ajman has attracted a Peruvian fish meal firm.

The overall impression is one of rapid industrialization on an extensive scale. But there is not enough technical knowledge or manpower to run such plants. Workers to build the factories and refineries will have to be brought in, and western skills imported to shift the economy from its almost total dependence on the export of crude oil to a broad-based industrial power.

Non-oil exports: principal destinations (million dirhams)

Country	1970	1971	1972	1973	1974	1975	1976*	Share (1976)
Saudi Arabia	3.4	21.4	28.0	14.5	24.2	57.6	149.3	27.3%
Iran	57.1	64.5	87.8	61.1	84.6	211.9	188.4	25.0%
Qatar	—	16.1	12.5	28.3	33.8	67.5	104.5	18.1%
Oman	21.6	24.8	35.5	47.8	67.9	113.4	82.8	11.4%
Kuwait	—	6.1	7.3	22.9	23.9	47.4	34.8	6.9%
Bahrain	—	7.6	7.9	14.5	21.0	36.7	21.5	3.9%
Britain	—	0.1	—	0.3	0.5	0.1	6.3	1.1%
Other Far East countries	11.7	11.2	18.1	36.9	42.4	31.8	5.6	1.0%
Pakistan	—	0.1	0.5	1.7	5.7	11.2	4.3	0.8%
Total	96.5	151.4	203.8	245.0	390.8	602.8	547.5	100.0%
of which Dubai	96.5	128.2	168.2	215.5	295.6	566.6	448.9	82.2%
of which Abu Dhabi	—	33.1	35.8	29.4	43.4	36.2	97.6	17.7%

* January-June

Source: UAE Currency Board Bulletin, November, 1976.

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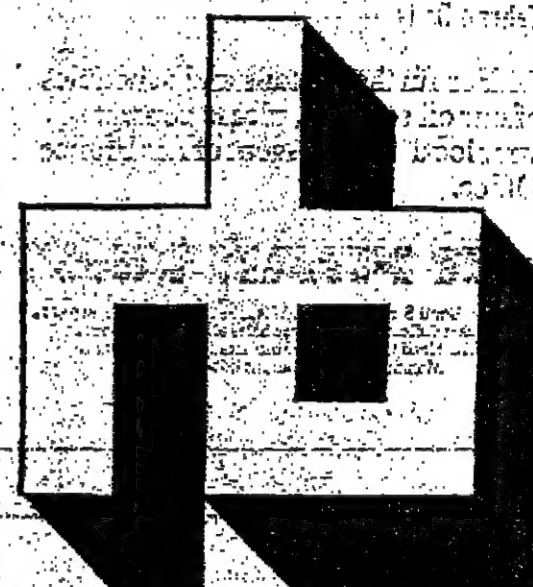
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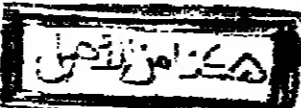
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FOCUS ON

Oil

Compromise likely to end two-tier pricing

by Roger Vielvoye

Since the Organization of Petroleum Exporting Countries (Opec) split into two camps over the question of pricing at the last full ministerial meeting in December the United Arab Emirates has been exporting some of the most highly priced crude oil in the world. The emirates followed the lead of its larger and more powerful neighbour Saudi Arabia in holding down the price increase in 5 per cent while the remaining 13 members of the organization boosted prices by 10 per cent and gave notice of another 5 per cent rise from July 1.

Oil company buyers have naturally been anxious to acquire as much oil from the emirates as possible although there has been little opportunity for increasing sales above the high levels achieved in the final quarter of 1976 when oil buyers were extremely active in building up their stocks in advance of the expected new year's day price rise.

Almost as active as the oil buyers are the various Opec mediators who have visited Abu Dhabi with proposals for ending the division over prices. Attempts to reach a compromise in the early months of the year failed, but after the visit to Abu Dhabi of President Carlos Perez of Venezuela in April, the chances that a formula can be found for ending the two-tier price system have increased dramatically.

The basis for the new compromise would be for the UAE and Saudi Arabia

to increase their prices by 5 per cent in return for the other 11 members of the organization dropping their proposed 5 per cent increase in July. The net results would be all Opec oil prices 10 per cent above the prevailing levels in December, Indonesia has officially given notice that it will drop the demand for the extra 5 per cent but so far no other Opec member has committed itself to any definite action that could lead to an end to the pricing split.

Any solution to the problem reached during the backdoor negotiations of the past few months would have to be formally approved by the next full ministerial meeting of the organization which is scheduled for Stockholm on July 12. Failure to produce a compromise and the continuation of the two-tier pricing is thought to be unlikely but in the event of dual pricing continuing, perhaps for the rest of the year, the consequences for Opec could be serious.

There was little surprise at the Qatar meeting at which two-tier pricing emerged, that the UAE decided to act in unison with Saudi Arabia. The oil policies of the two countries have always been closely linked and consultations are frequently held between Mr Mansour al-Otaibi, the UAE Oil Minister, and Sheikh Ahmed Zaki Yamani, his opposite number in Saudi Arabia, particularly in advance of important Opec meetings.

Abu Dhabi with its massive reserves, naturally dominates the union's oil policy-making. Production at present is about 1,500,000 barrels a day compared with Dubai's 320,000 barrels a

day and the 35,000 barrels a day from Sharjah. Oil has also been found in another of the emirates, Ras al-Khaimah, where Deminor, the German state-supported oil company, has recently taken over a share in the offshore concession from a Dutch concern and is now working on another potential oil-bearing structure.

The bulk of the production in Abu Dhabi comes from well-established onshore fields, but most of the interesting new developments concern the offshore operations. At present Abu Dhabi Petroleum, in which the state has a 60 per cent interest, is producing just over a million barrels a day and has the capacity to increase output to just over 1,300,000 barrels a day. Most of the surplus capacity is contained in the Bu Hasa field where output is pegged at just below 500,000 barrels a day, while facilities are installed to handle nearly 700,000 barrels a day. There are also three other offshore fields controlled by the group—Ash, Bab and Sahil.

Unlike neighbouring oil states, Abu Dhabi has decided not to take 100 per cent control of the concessions that were formerly in the hands of the international oil groups. The state oil company now holds 50 per cent of the equity in the onshore and offshore oil consortia. The oil companies retain 40 per cent of their original holdings and are required to put up their share of new investments.

This policy has already led to controversy over the proposals to develop the large Upper Zakum offshore oil field. The reservoir was discovered by Abu Dhabi Marine Areas and partly developed to produce 50,000 barrels of oil a day.

Proposals were then made to raise production to 500,000 barrels a day within six to eight years at a cost of between \$2,000m and \$3,000m. British Petroleum and Compagnie Française des Pétroles, the two major oil company partners in ADMA, then told the state oil company they could not justify investments in the scheme because of new Opec tax terms.

CFP had undertaken an evaluation of the smaller Sahil oil field—scheduled to begin production in 1979 and rise to 100,000 barrels a day—agreed to develop the field for the Abu Dhabi National Oil Co (ADNOC) for a fee and the right to buy a percentage of the output at full market prices. But it would not make any capital contribution towards the cost of the project.

Then came an unexpected development. The Japan Oil Development Co, a group of oil, banking and trading in-

terests which paid BP \$780m in 1973 for a minority 12 per cent interest in ADMA, then decided in April to exercise its option to invest in the development programme.

Although BP and CFP, the major partners in the development, had said earlier the investment could not be justified, the Japanese made a different evaluation in the light of their new policy of investing in proven oil development rather than more speculative exploration projects.

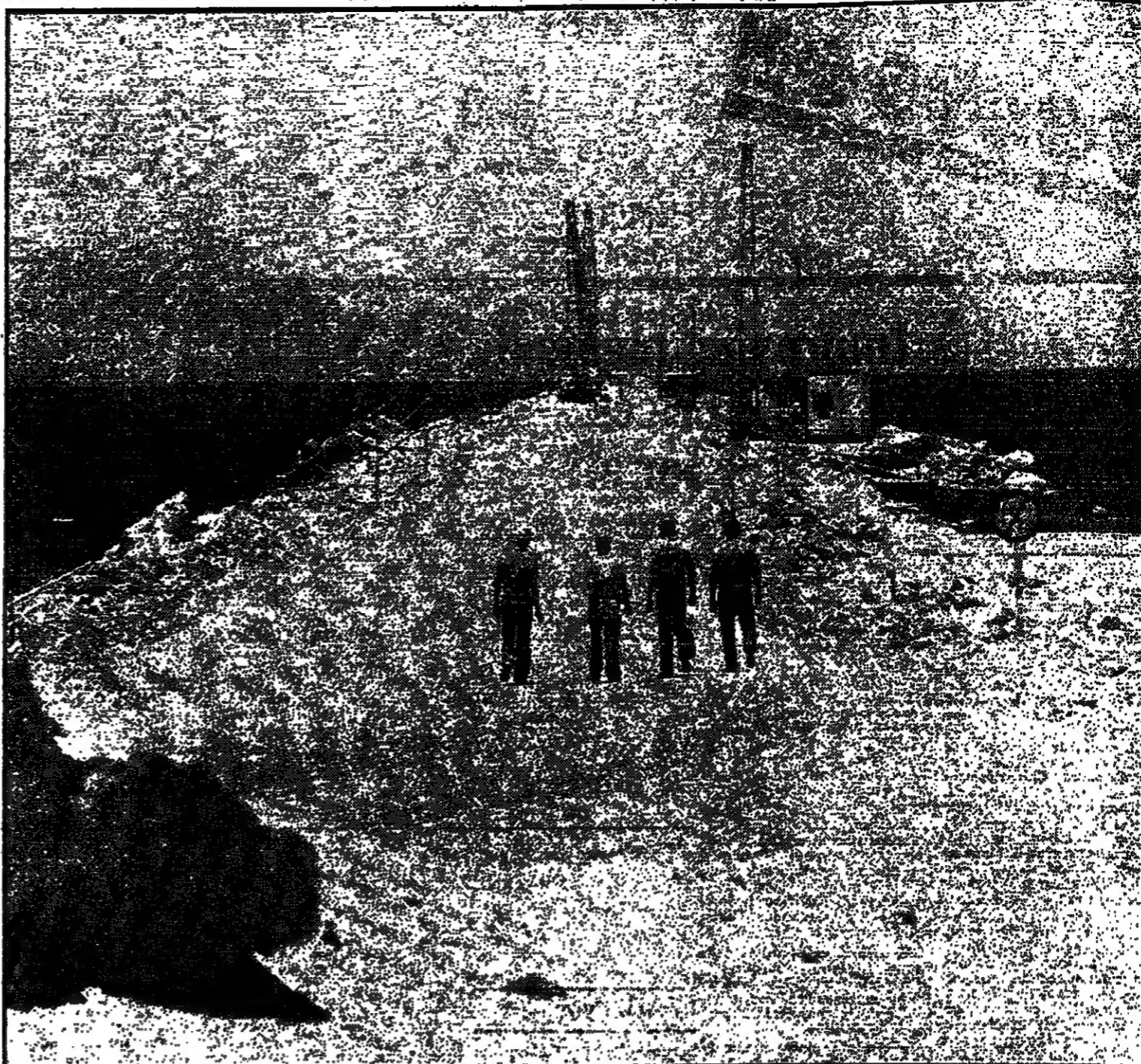
The Japanese decision to invest has had repercussions at CFP headquarters in Paris where executives are considering whether the company should all will contribute towards the capital costs as well as underwriting the development work. Industry sources say the re-evaluation of the project by its two non-government partners has also pushed BP into reconsidering its position.

Under the development plans being put forward production from Upper Zakum would rise in two stages. The major part of the project would push output to 350,000 barrels a day by 1982 with the full 500,000 barrels a day being reached two years later. It would also require the construction of a new tanker terminal at Zinj island about 40 miles east of the field. At present the 50,000 barrels a day production from the structure is moved into the Das island terminal and mixed with crudes from the Lower Zakum field.

Interest is also being shown in a number of other small offshore oil reservoirs. Japan Oil Development is thought to be interested in taking a stake in the Sahil structure which lies close to the Bundugh field and may produce up to 50,000 barrels a day and in the Sahil and Razboor field which is being developed by CFP, again on a fee basis.

Japanese oilmen are hoping that because of the marginal nature of these small fields the Government might agree to easier terms. Already concessions have been made for CFP's small Abu al Bukhoosh field. Work has started on the development of the offshore Arzanah field. Amara Hess, in partnership with Marathon, hopes to have the field in production next year.

After a six-month delay, a major liquid natural gas export project based on Das island has started up. The Abu Dhabi Gas Liquefaction Co, in which the Government has a 51 per cent interest in partnership with BP, CFP, and two Japanese companies, Mitsui and Bridgestone, is shipping liquid gas to Tokyo Electric from a plant designed to produce 2,200,000 tons a year as well as 800,000 tons of liquid petroleum gases. The



A breakwater under construction at Jabal Ali, near Dubai, where a liquefied petroleum gas plant and oil refinery are to be built as part of an industrial complex which will be one of the biggest in The Gulf.

Das island plant is using 500 million cu ft a day of gas produced in association with oil from ADMA's offshore fields.

By far the most ambitious development using gas so far as been instigated by the Abu Dhabi National Oil Company. It has awarded contracts to the American Fluor Corporation for building facilities to gather associated gas from onshore fields and to Bechtel for building processing facilities.

Just over a year ago the four oil company partners in Abu Dhabi Petroleum—

Shell, BP, CFP, Mobil, Exxon and Parpet—signed a heads of agreement for a joint offshore gas development. But a series of disputes over the terms of oil company participation culminated in the state company implementing its go-it-alone policy.

The state company says that because of possible competition from other proposed gas schemes in the area it cannot wait until agreement is reached with the international oil companies before pushing the development plans into motion.

Oil company sources feel that the state oil company does not yet have the expertise to handle a project that could cost more than a thousand million dollars to build and that there could be an opportunity for the companies to return to the consortium. The scheme, all water a day into the reservoir, would take 1,000 million cu ft a day of associated gas from the onshore fields, to produce 185,000 barrels a day of gas liquids.

The world's largest offshore sea water injection pump is being installed at the edge of the field and under the oil node the pressure will be maintained and a decline in output can be prevented. The control complex designed by a British company, Power Gas Harris, will be built in sections in camps around the world ranging from Singapore to the Netherlands. They were then floated out to Abu Dhabi and assembled on the site. Many of the small well-jacks and helipads were built in Kuwait, Sharjah and Al Dhahbi.

The author is Energy Correspondent, The Times.

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